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THE EFFECT OF HUMAN RESOURCE DEVELEPMENT PRACTICE ON ECONOMIC PROFITABILITY (A CASE OF CBE, WOLDIA DISTRICT SELECTED BRANCHES)

BY

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ADVISOR

Dr. YOHANNES MEKONNEN

SEP, 2024

WOLDIA
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CERTIFICATION

This is to certify that Habtamu Melaku Mammed has carried out this thesis work entitled *"Effect of HRD practice on economic profitability: A Case Study of CBE, Woldia District selected branches"* for the partial fulfillment of Masters Degree Marketing Management in Woldia University College of Business and Economics. This study is original and is not submitted for any degree in this university or any other institutions and it is suitable for submission of Masters of Business Administration.

Approved by:

Name of Advisor**: - Yohannies Mekonnen (Dr)**

Signature: ______________________________

Date: ___________________________________

Woldia University

School of Graduate Studies

Marketing Management Program

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BY

By: Habtamu Melaku

APPROVAL OF THE THESIS

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Name ______________________________ **Signature** ____________________ **Date** __________

- **External examiner**

Name ______________________________ **Signature** ____________________ **Date** __________

Declaration

I, Habtamu Melaku declare that this work entitled "Effect of HRD Practice on Economic Profitability in CBE under Woldia district selected branches", is outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the Research Advisor.

This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of towards Masters of Arts in Marketing Management.

By Habtamu Melaku Mammed

Signature_____________________________

Date________________________________

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ACRONYMS

BBO Back	Branch Business Officer
BBO Front	Branch Operation Officer
BM	Manager Branch
CBE	Commercial Bank of Ethiopia
CD	**C**areer Development
CSM Service	Customer Service Manager Service
CSM Sales	Customer Service Manager Sales
CRM	Customer Relationship Manager
CSO	Customer Service Officer
HR	Human Resource
HRD	Human Resource Development
HRM	Human Resource Management
LDC	Least Developing Country
MBB	Manager Branch Business
MBC	Manager Branch Controller
MBO	Manager Branch Operation
MIS	Management Information System
OD	Organization Development
PA	Performance Appraisal
SBBO	Senior Branch Business Officer
SBOO	Senior Branch Operation Officer
TD	Training and Development
TM	Talent Management

ABSTRACT

This study was designed to examine the effect of human resource development practices on economic profitability of CBE under Woldia district selected branches. The methodologies used to undertake the study were both primary and secondary data collection instrument. The sampling techniques employed to collect primary information were both probability and non probability (random and convenient) sampling .The sample of population were 6 branches under Woldia district. These branches were selected based on their grade level, number and experience of employees. Accordingly the data gathered was analyzed using SPSS version 25 software. Data was analyzed using descriptive statistics whereby frequencies and percentages, generated from the various data categories were computed and presented in graphs, pie charts and tables. Data were collected and analyzed by using a multiple regression model. The findings revealed that training and development, career development, performance appraisal, talent management, and organizational learning tend to play a significant role in economic profitability. Finally CBE should work hard in implementing HRD practices in order to be economically profitable.

Key Words: Human resource development, Training and development, Career development, Talent management, Performance appraisal, Organizational development, Economic profitability

CHAPTER ONE

1.1. Background of the Study

Organization as a system used different types of resources, including material and human resources to achieve the intended objective. Among these resources human resources are the engine that helps the organization to meet its goal. HRD is concerned with an organized series of learning activities, within a specified time limit, designed to produce behavioral change in the learner.

According to Susan, (2012), human Resource Management is the function within an organization that focused on recruitment of, management of, and providing direction for the people who work in the organization. It is also a strategic and comprehensive approach of managing people and the work place culture and environment (Susan, 2012). Effective Human resource management enables employees to contribute effectively and productivity to the overall company direction and the accomplishment of the organization's goals and objectives (Susan, 2012).

According to Wikipedia 2012, Human resource is also known as human capital for utilization, harnessing, development and direction of a nation's objective. It is also all about the formation of values and attitude. Therefore, human resources development is a universal norms and not a view concept. There is no industry, firm, organization, business enterprises, nation etc. that can boost a political, economic and social stability, quality product and profitability without adequate human resources in place.

Human Resources Development as a theory is a framework for the expansion of human capital within an organization through the development of both the organization and the individual to achieve performance improvement (Amar, 2012). HRD develops the key competencies that enable individuals in organizations to perform current and future jobs through planned learning activities. Groups within organizations use HRD to initiate and manage change, HRD ensures a match between individual and organizational needs (Amar, 2012).

Emphasis on human resource development result in several positive individual and organizational outcomes such as higher performance, high quality individual and organization problem solving, enhancing career plans and employability, sustainable competitive advantage, higher organizational commitment and enhancing organizational retention. Over the past two decades, human resource development has become the fastest growing area of management development, due to the great interest of organizations in the face of intense competition and changes in the business environment (Kareem, 2017). HRD has advanced beyond the narrow view of simply training and has evolved into a more complete approach to learning and developing knowledge at the individual and organizational level (Mittal, 2013). The twenty-first-century challenges such as globalization, technology, and demographic changes have forced the organizations to strive constantly searching for innovative ways to achieving the superior results in terms of efficiency and effectiveness and improving competitiveness with current employees. As a result, the concept of human resource development (HRD) has emerged as a strategy to improve the competence of the employees and for enhancement of organizational profitability. The literature and previous studies (Bokeno, 2011; Swanson & Holton, 2009) have confirmed that the success of an organization is extremely based on the skills, knowledge, and experience of its employees, which is a basic product of human resource development capability of that particular organization.

Moreover, Isaac (2013), asserted HR criticality for combination of other resources in a right mix and to formulate appropriate strategies to achieve organizational objectives. Hence, the strategic use of HRD is one of the most important factors for organizational profitability.

Study by Saad et al. (2013) revealed that developed countries have good HRD performance through training and development and career development and have clear awareness how HRD facilitates the organizational activities compared with the developing ones. Moreover, studies have been conducted in relation to HRD for example, (Ashkezari &Aneen, 2012; Habib, 2012; Saraswathi, 2010 & Sundarajam, 2009) in LDCs. Their findings showed that HRD has been encountered by problems like: lack of training and career development, limited organizational development, lack of effective performance appraisal, lack of employees‟ motivation and awareness, lack of clear strategies and limited managerial capacity in the public sector.

Ani et al(2012) identified internal factors of the bank profitability with the data concerning total asset, net profit, loan and advances, and total equity for 10 years from period 2001 to 2010 from 15 Nigerian banks by using return on asset (ROA) as the major metric for measuring profitability.

According to the study by Susan (2014) bank size which is measured by natural log of total assets has positive significant effect on profit of Kenyan top six commercial banks.

According to study by Sehrish et al(2011) bank size have significant positive relation with ROA, here total assets indicate the size of the bank. This positive relationship shows that the size of the bank have significant positive impact on profitability. But according to Ani et al(2012) the size has a significant negative relationship with profitability. This significant negative relationship shows that the size of a bank could significantly affect the profitability of the bank negatively. The major outcome of this study is that higher total assets may not necessarily lead to higher profits.

According to the study by Susan(2014) capital strength impacts positively on Kenyan top banks` profitability in the period 2008-2013. The results suggest that the commercial banks can improve their profits if they are well capitalized. Banks with large capital are able to diversify their investments and are able to stand strong even during general financial crisis in the country. Such banks are strong in attracting more funds at cheaper rates which enhance their liquidity position (Obamuyi, 2013). The final impact is that such banks will have more funds to give out in form of credit at lower lending rates of interest. According to Ani et al (2012) Capital adequacy (ratio of total equity total asset) shows a positive correlation with profitability (ROA). A well-capitalized bank may send a good signal to the market regarding its performance (Imad et al., 2011).

According to the study by Susan (2014) increases in bank operation expenses reduce bank profitability of the top Kenyan banks in the period 2008-2013.

According to Ani et al (2012) an asset composition (ratio of total loans and advances to total asset) shows a positive and significant relationship with profitability. The study assuming other variables remains constant concludes the higher the rate of transforming deposits into loans, the higher the profitability of the bank. In addition to these studies, Sehrish et al(2011) study concludes loan shows positive and significant relationship with ROA.

According to the study by Susan (2014) the coefficient of diversification was found on significant in determining profits of the top six commercial bank of Kenya. Study by Sehrish et al(2011) shows deposits to total assets have the positive and significant impact on the profitability of the banks. It shows that deposits have positive impact on Profitability and banks depending on deposits for funds can achieve better return on assets.

According to Harward and Upton (2012), profitability is the 'the ability of a given investment to earn a return from its use. However, the term 'Profitability' is not synonymous to the term 'Efficiency'. Profitability is an index of efficiency; and is regarded as a measure of efficiency and management guide to greater efficiency. Though, profitability is an important yardstick for measuring the efficiency, the extent of profitability cannot be taken as a final proof of efficiency. Sometimes satisfactory profits can mark inefficiency and conversely, a proper degree of efficiency can be accompanied by an absence of profit. The net profit figure simply reveals a satisfactory balance between the values receive and value given. The change in operational efficiency is merely one of the factors on which profitability of an enterprise largely depends. Moreover, there are many other factors besides efficiency, which affect the profitability.

1.2. Background of the Organization

The history of Commercial Bank of Ethiopia (CBE) goes back to the establishment as state bank of Ethiopia in 1942 with One million Maria Theresa capital and 43 employees, and then it is legally established as a share company in 1963CBE was legally established as a share company in 1963 with Birr 20 million Capital 758 employees 21 branches (CBE MIS.

In 1974, CBE merged with the privately owned Addis Ababa bank, since then, it provides pivotal role in the development of the country and introduction of modern technologies in the sector. It is the largest commercial bank in Ethiopia with an asset of more 1.3trillion birr and around 50,056 permanent and 30,792 temporary employees' working at its Head office and branches that stretched from the capital town to the outlying area. As June 30, 2023 report, its branches have been reached to 1926 with a total 40.3 million accounts with deposit birr 1.05 trillion, 3,214 ATM machine, 4,694 POS machine, 7.701 million card holders, 11,684 million mobile banking users, and more than 13,768 CBE Birr users. The bank has been established for performing the activities of accepting deposit, providing loans, buying and selling of foreign exchanges, negotiable instruments, trade services and other customary services (Bank procedure, March 20,2019).

The bank also operates two branches in South Sudan, and is contemplating opening re-opening a branch in Djibouti, and opening branches in Dubai and Washington DC all to serve the Ethiopian Diaspora. The bank is pioneer to introduce modern banking systems to Ethiopia and credited for playing a catalytic role in the economic progress and development of the country. Currently, the bank has 3 regions and 32 districts (CBE MIS).

CBE Woldia district has started in Dec, 2020 with a total of 607 employees and 33 branches. As per June 30, 2023 report, the total number of permanent employee reached 932 and temporary employees of 585 by number of branches under Woldia district reached to 41 branches with 12,229.26 Million birr deposit and total accounts of 760 thousand (CBE MIS).

CBE Woldia district plays an important role in creating a significant impact in supporting economic activity through providing loans and advances for customers under its domain. The district performs and provides all services that are being rendered at corporate level such as account opening, accepting deposit, expanding digital and agent banking, providing loan s and advances, buying and selling of FCY, selling negotiable instruments etc (CBE Corporate strategy).

1.3. Statement of the Problem

In today changing global context, both individual and collective skills are the most important assets for organizations and determine their productivity competitiveness and ability to adapt and to be proactive when faced with an uncertain environment. Thus training is a key strategy for generating skills in people, since it enables them to both learn and unlearn skills in other words to acquire new skills and change inappropriate skills (Pineda, 2010).

Moreover, studies have been conducted in relation to HRD for example, (Ashkezari & Aneen, 2012; Habib, 2012; Saraswathi, 2010 & Sundarajam, 2009) in LDCs. Their findings showed that HRD has been encountered by problems like: lack of training and career development, limited organizational development, lack of effective performance appraisal, lack of employees‟ motivation and awareness, lack of clear strategies and limited managerial capacity in the public sector.

Studies (Gberevbie, 2012; Nzuve and Bundi, 2012; Yusuf, 2010; Gildado, et al., 2014) have focused on human resource development as a correlate of performance in banking industry. Specifically, Yusuf (2010) revealed that investment on human capital has a significant positive impact on the book value per share on Nigerian banks. This means that, as more money is invested on the human capital of banks in Nigeria, the book value per share increases significantly.

Based on HRD-South Africa (2013), discussion countries should practice a systematic strategy for HRD in support of development. This is because the growing complexity of the workforce accelerated through the dynamic impact of globalization on national economy has just the quest of HRD at the center of public policies and development strategies.

Recently in Ethiopia the banking industry has been faced with stiff competition of late and many local banks that have been forced to wind up. With economies in Ethiopia liberating, the banking industry has concurrently improved. Governments have licensed many privately owned banks and many barriers have been lifted and regulations improved.

The delivery of efficient and effective training is required to enhance the productivity of employees and improve their performance. However, the problem in training is that people usually like the training and performance material taught, but behavior and performance do not always reflect the extent of training and delivered and supposedly learned. Generally, absence of well-established training and development policy, lack of adequate budget, inadequate needs assessment, inappropriate training and development objectives, trying out-dated training and development methods, lack of close supervision and follow up are some of the major problems that General about Ethiopia organization are facing (Tamrat ,2010).

Recent studies of HRD practices in Ethiopia public organizations show that they do not give much attention to the training and development of employees and the effectiveness of the program. Rather the practice shows that more attention has been paid to the preparation of documentation and written programs than to the actual management (Bahiru, 2011).

The findings of the study to assess employee satisfaction with respect to HRD practices especially training and development trends of the commercial bank of Ethiopia conducted by Beamlaku, (2010) and Zemzem, (2016), reviled that: employees were not satisfied with the HRD commitment of the bank neither in providing training to do their job effectively nor supporting to enhance their educational levels.

According to Kebede and Sambasivam (2013), human knowledge increasingly becomes a crucial factor for competitive success understanding factors that contribute knowledge to workplace environment are essential to every organization. Once employees have been recruited and selected the next important step is to help them on converting their abilities into skills that contribute to the organization's goals (Kebede & Sambasivam, 2013).

Study by Sehrish Gut et al (2011) shows loan affects bank profit positively. Study by Obamuyi (2013) suggests profitable banks operated at lower cost but study of Necear (2003) shows positive relationship between expense and profitability.

In Ethiopia, although there are relatively few studies that have been conducted by Belayneh(2011) and Habtamu (2012) about determinants of profitability of commercial banks by using private banks only but profit market share of these banks is only about 39.31%. These studies identified number of branches as determinant of profitability of banks.

However, CBE has not been studied to any great extent from the perspective of HRD and profitability. There is a problem of the concept economic profitability since it is a new initiative implemented and lack of proper implementations of CBE's HRD practices for employees that lacks need assessment. There for what distinguishes this paper is that the study will take a close look at CBE Woldia district by utilizing banks data to analyze the economic profitability of the bank with its application of HRD practice.

This study has specifically examined and investigate the effect of human resource development (HRD) practices on economic profitability under CBE, Woldia district selected branches. Furthermore, the study attempted to discover whether any significant differences exist in, training and development, career development, performance management, talent management, and organizational development provided by HRD with branches economic profitability.

1.4. Research Questions of the Study

The research questions for this study were:

- Does training and development significantly affect organizational economic profitability in CBE Woldia district selected branches?
- Does career development positively relate with economic profitability?
- Does performance management affect branch economic profitability?
- Is there a significant relationship between talent management and branch economic profitability?
- Does organization development affect economic profitability?

1.5. Objective of the Study

1.5.1. General objective of the study

The general objective of the study is to examine the impact of human resource development practice on economic profitability in CBE under Woldia district selected branches.

1.5.2. Specific objectives of the study

The specific objectives of the study included:-

- To determine whether training and development has a significance and positive effect on economic profitability.
- To assess the relationship of career development and economic profitability.
- To determine the effect of performance appraisal branch economic profitability.
- To know the significance relationship of talent management on branch economic profitability.
- To assess the effect of organization development on economic profitability.

1.6. Significance of the Study

The significance of the study was to assess the effect of human resources development practice on branch economic profitability and provides also following significances.

- The primary importance of the study was to assist the policy formulating bodies and decision makers to give due emphasis to HRD practices and advise different mechanisms in order to scale up and continuously upgrade the employees expertise to improve organizations’ performance.
- The study was significant since it evaluates the relationship that exists between the human resource development and branch economic profitability and at the same time provides various reasons why it is necessary for an organization to invest on human resource.
- The study also provides a new conceptual framework. The research provides a sound model which contains ground for future research and practice and provide conceptual framework for further empirical research.
- The study also can be served as a source of reference to fellow researchers who wants to make further study on the area.
- It helps the researcher to acquire knowledge and practical experience.

- Furthermore, the result gives lesson to the situation of other banks in the sector.

1.7. Scope of the Study

The scope of the study includes both geographical and conceptual scopes. Geographically the study is limited to CBE Woldia district 6 selected branches with a target population of 292 and sample size 169. Conceptually, the study is limited to the impact of human resource development practices on branch economic profitability of CBE under Woldia district 6 selected branches in the year 2024 G.C.

1.8. Organization of the Study

This study was organized into five chapters. Chapter one contains introduction, background of the organization, back ground of the study, statement of the problem, research question, objectives of the study, scope of the study, significance of the study. Chapter two contains an overview of literature review which includes theoretical, conceptual and conceptual frame work of the study. Chapter three presents the methodology which is used in this study that includes the research approach as well as describes the data collecting and analysis methods to be used. Chapter four contained analyses and presents the research findings that is obtained through the study methodology by showing how each of the research questions is answered and how these findings together contributed to the main purpose of the study. Eventually, chapter five culminated in the study with summary, conclusions and a set of recommendations which was derived from the research findings and the conclusions of this work. At the end of the thesis document, references and a set of appendices were included that contain the questionnaires of the survey forms that was used to collect data for the study and other supplementary documents of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0.Introduction

This chapter was aimed at providing the literature review that has been done by various researchers on the impact of human resource development practice on economic profitability. Therefore, this chapter was mainly focused on the overview of human resource development, historical perspective of human resource development, components of human resource development practice, strategic Perspective of human resource development, process of human resource development practice, principles of human resource development practice, benefits of human resource development practice, theories of human resource development, empirical studies and conceptual frame work of the study.

2.1.An Overview of Human Resource Development

The concept of human resource development was introduced in 1969 by Leonard Nadler through their participation in the Miami conference of the American society of training and development. Nadler (1969) states that, there had been many scholars and researchers entering the HRD field and they deserved to have a definition of the subject. Lee (2001) and Wang and Swanson (2008) argue that the definition of human resource development has long been challenged to define as it considers as a part filed of the human resources discipline. Ruona (2002) argues that human resource development definitions have been given attention in the literature for more than four decades. There are wide varieties of approaches that researchers attempted to define HRD. Although a universally accepted definition of HRD is non-existent. Human resource development is a relatively new area of professional practice and academic study. Over the past two decades, human resource development has become the fastest growing area of management development, due to the great interest of organizations in the face of intense competition and changes in the business environment (Kareem, 2017). HRD has advanced beyond the narrow view of simply training and has evolved into a more complete approach to learning and developing knowledge at the individual and organizational level (Mittal, 2013). Swanson (2001) defines HRD as the process of developing and/or unleashing human expertise through organization development and personnel training and development for the purposes of improving performance. McLagan and Suhadolnik (1989) define HRD as the integration of training and development, career development, organizational development to improve individual, group, and organizational results. Rao (1985) defines HRD as a process that organizations must continuously use to assess the skills, abilities, and knowledge of human capital in order to proactively enable employees to have the required skills to meet the present and future job requirements within the organization. Wang et al. (2017) define HRD as any process or activity that, either initially or over the long term, has the potential to develop adult work-based knowledge, expertise, productivity, and satisfaction, whether for personal or group/team gain, or for the benefit of an organization, community, nation, or, ultimately, the whole of humanity.

As noted that the defining HRD is characterized in difficulty and complexity that reflects the evolving nature of the field. Also, the definition of Human Resource Development is argumentative; it has traditionally been defined in the context of the individual, the work team, or the organization". The different definitions of HRD let to fully understand the term and also to recognize the fact that different sources describe this term in different ways. For the purpose of this study, the following definition of HRD will be used: HRD is a systematic process of educating and acquiring new skills, knowledge, and abilities of individual, group and organizations through the application of talent development, training and development, career development, and organizational development initiatives.

According to Singh (2012), HRD implies that the talents and energies of employees in an organization as potential contributors in turn this has a critical role for the creation and realization of the organization's visions and goals. It is also the process of increasing knowledge and capacities of the people (employees) in a given organization. According to McLean (2001**)**, HRD is conceptualized as any process or activity either short or over the long term that helps to develop employees‟ work based knowledge, expertise, productivity, and satisfaction for personal, organizational, community and country at large. Based on Singh (2012), in the national context, HRD is considered as a process by which the people in various groups are helped to get new knowledge continuously and make them self-reliant.

HRD is continuous process with a set of systematic and planned tasks in which organizations design to provide its members with opportunity to learn necessary skills to meet short and long term organizational goals (Harris et al., 2006). Bhupendra (2009) also indicated that, HRD as a systematic and planned activity includes training and development, career planning, and performance appraisals for organizational development. Similarly, Harris (2008) described HRD as well organized learning activity to improve organizational performance and personal growth organized by an organization. As Matthews et al. (2000), though the existence of automated activities in the organizations worldwide human resource development is a prominent issue to adapt the real experiences what are going on. Thus, HRD is a subject playing paramount significance at a national level and it is much more of sensitive issue that due attention should be given by both developed and developing countries to attain organizational development through modernizing its employees‟ skills (Michael, 1995). Furthermore, Deb (2010) stated that it is not sufficient to address people as strategic asset of the organization but to believe that they are the real and the most important asset of any organization and employees with their potential bringing oversize value. Hence, to be survivor in the present scenario of competition, the organizations have to design some appropriate HRD strategies to build their workforce in the organized manner. Finally, Rao (2005) highlighted that HRD as an activity and as a process plays a crucial and noteworthy role in identifying the hidden potential of the workforce employed in the organization is vital.

2.2. Historical Perspective of Human Resource Development

As indicated by Rao (2005), the early part of the century witnessed a concern for improved efficiency through careful design of work. Emphasis of improved efficiency had been shifted to the availability of the managerial focused on the demands. These encompass technical personnel, responses to the new legislation and regulatory framework of the government increased concern for the quality of work. HRD has been growing at a very fast pace in the recent past. Formally it was introduced by Len Nadler in 1969 in American Society for Training and Development Conference (ASTDC). In public sector HRD as a concept it was introduced in 1980s (Rao, 2005). HRD focuses on the developmental aspect of HR with the pragmatic and a flexible approach. Therefore, the intended purposes of HRD efforts are to gain competitive advantage through a superior workforce (Pattanayak, 2005).

As stated by Rao (2005), HRD concept has passed the following seven chronological sequences. The first one is the commodity concept in which HR was seen as a commodity that could be bought and sold and wages were decided on the basis of demand and supply forces. Secondly, the factor of production concept that labor is treated as any other factors of production the third one is the good will concept it states welfare measures like safety, first aid, rest room to boost up the morale of workers, and enhancing their performance in the organization. The fourth concept is the paternalist in which management assumes a fatherly and protective attitude towards employers and signifies to satisfy various needs of employees. Fifthly, the humanistic concept which deals about how to improve the productivity, physical, social and psychological needs of workers. The sixth concept is about human resource concept which considers employees as the most valuable assets of an organization and continuous effort to realize organizational goals and aspiration of employees. The last concept is the emerging concept HRD it states about how employees should be accepted as partners in the progress of an organization to have a feeling that the organization is their own.

2.3. Human resource development contributions to organizational profitability

Several researchers and scholars of human resource development tried to examine and highlight the relationship between human resource development and organizational performance and effectiveness. Otoo and Mishra (2018) explore the influence of human resource development practices on organizational effectiveness by considering the role of employee competencies. He found out that HRD practices have an impact on employee competencies in enhancing organizational effectiveness. Alagaraja, Cumberland, and Choi (2015) investigate the effects of human resource development contributions on organizational performance. Both types of HRD contributions strategic value and transaction effectiveness significantly enhanced organizational performance. Alagaraja (2014) states that both HRD and HRM have a critical contribution to the development, furthering of knowledge, and application of theories in improving HR service delivery and its impact on organizational performance. Alagaraja (2013) argues that the significance and power of human resource development based on its ability to engage and respond to stakeholder expectations and involvement in organizational change efforts. Nilsson and Ellstrom (2012) state that human resources development strategies in an organization play a key role in improving employees' competencies that contribute, in aggregate to organizational performance.

2.4. Components of human resource development practice

The literature and scholars have developed varieties of components to indicate the HRD. Hassan (2007), and Potnuru and Sahoo (2016) argue that HRD has three elements i.e. training and development, organizational development, and career development. Tomé (2011) states HRD has four elements such as training and development, organizational development, career development and performance management. The varieties of components of HRD allow researchers the flexibility to explore and identify specific constructs and variables on different aspects of shaping and skilling for scholarly inquiries. This study examines the effect of five HRD practices: training and development, career development, performance management, talent management, and organization development on organizational economic profitability.

1. **Training and development and organizational economic profitability**

Training and deployment play a key role in the achievement of an organizational goal through integrating the interests of the organization and the workforce. Nowadays training and development is a very significant factor in the business world because it enhances the efficiency and the effectiveness of both employees and the organization (Ghafoor Khan, Khan, & Khan, 2011). Noe (2001) states that organizations that adopt training and development practices are able to retain their customers, suppliers, employees, shareholders, and other stakeholders in the long run as they are deemed more trustworthy and better custodians of the interests of the various stakeholders. Biswas (2012) argues that training and development is fundamental for the superior performance of employees, improvement of employees' ability to adapt to the changing and challenging business environment and technology for better performance, increase employees' knowledge and ability to develop creative and problem-solving skills. Training and development have an important role to address the gap between current performance and expected future performance of the employees (Weil & Woodall, 36 | 2005). According to Khan (2012), training involves providing the employees the knowledge and skills needed to a particular current job or task while development is preparing employees for future work responsibilities, increasing capacities and help them to perform their current job. In most cases, there may be gap between employee knowledge and skill and what the job demands that could be filled through training programs (Abdullah, 2009). Essentially, the training and development aims to enhance the organization's overall goal. Armstrong (2003) defines the training and development is a systematic process designed by the organization to improve the current and future employee performance by increasing an employee's skills, knowledge and ability to perform through learning activities, changing the employee's attitude and behavior.

In this context, the training and development is a systematic process of increasing an employee's ability to perform through learning and changing the employee's attitude and behavior and improving their skills and knowledge in order to enable the organization to achieve its strategic objectives. Human resources departments should pay efforts to the training and development programs to their organizational success. Also, training programs may be led to improved profitability, positive attitudes toward profit orientation, improve the job knowledge, ability, and skills at all levels of the organization, motivate the employees and engage them with organizational goals.

2. Career development and organizational economic profitability

In an organizational context, career development is basically considered as a crucial human resource development function (Osman, Ismail, Nowalid, & Adnan, 2014). Prince (2005) argues that career development is a function of human resource development which focuses on developing and enhancing the organization's workforce in light of both the organization and individual's needs. Amah (2006) defines career development is the process of promoting organizational employees' knowledge, abilities, and skills to prepare them for new opportunities and challenges. Kebede and Smbavasima (2013) argued that no HRD function can be acceptable to the people of any organization, if it fails to provide opportunities for individual employees to have bright career prospects.

Career development is basically negotiable values, expectations, and objectives of employees related to their career advancement, combined with the needs and goals of the organization in order to create an efficient working relationship among them (Orpen, 1994). Chetana and Mohapatra (2016) argue that career development entails initiatives from both the individual and organization. The organization must be aware of its individuals' career needs. Individuals should identify their knowledge, abilities, skills, and interest in order to explore their career path. So, organizations while setting up a strategic career development program should take on account the competencies that can enhance the employee's career. In this context, career development is a lifelong process of identifying the individual interests, competencies, activities, and job assignments required to develop individual employee skills for future needs of the organization.

3. Performance appraisal (PA) on organization economic profitability

Performance management is an important part of HRD, which enables organizations to understand where their employee stand, what is expected from them, what they actually do, where they lack capacity and how they can be updated (Boswell, 2002). PA is a review and an assessment of an employees' performance of assigned duties and responsibilities. PD serves several purposes in the organizations for instance; it provides tools for acknowledging good performance, identifying areas in need of improvement and providing guidelines to justify management decisions (Akuoko & Baffoe, 2012). Therefore, PA is more than simple checklist actions whether activities are performed or not that organizations sought to review their effectiveness and make further management decisions. Performance management is a system of processes designed to enact short-term organizational efforts to improve the performance of the firm (Gilley et al, 2002). These processes examine, analyze, and track all of the information within the firm related to both individual and organizational performance: performance appraisal metrics, work environment data, and job knowledge inventories among many others. The goal of this analysis is to develop short-term solutions to performance issues and quickly enhance the effectiveness of the organization overall.

4. Talent development and organizational economic profitability

Talent management and talent development have been increased as important to the success of organizations. Talent professionals today work in a dynamic environment that requires developing of talent strategy if the organization wants to increase the potential of its workforce (Fitzgerald, 2014). Employee talent development is one of the challenges that have become a potential main source of competitive advantage and sustainability. It is significant for the organization and plays a key role in identifying and encouraging their workforce who have the capability and potential (Ingham, 2006). Gallardo-Gallardo, Dries, and González-Cruz (2013) state that talent can be demonstrated as a concept of natural ability, mastery, commitment, and fit, which are evident as innate abilities, acquired skills, knowledge, and attitudes whereby better outcome can be achieved. According to Annakis, Dass, and Isa (2014) talent development is a systematically process of developing and integrating new workers, developing and retaining current workers, and attracting highly skilled workers to work for a company and it's beneficial to the organization. Lewis and Heckman's (2006) state that talent development is a collection of practices of human resource department within the organization which are concerning with rewarding, sourcing and developing the talent of the employee. According to Jantan, Hamdan, and Othman (2009), talent management can be defined as a consequence to ensure the right person is in the right job; process to ensure leadership continuity in key positions and encourage individual advancement, and decision to manage supply, demand, and flow of talent through a human capital engine. In this context, the researcher defines talent development as a systematic process of attraction, identification, development, and retention of those individuals with high potential who are of particular value to an organization. Talent Management: Identifying high-potential employees and nurturing their growth through targeted development initiatives. Aligning the talent development with organizational goals and business strategies by ensuring the employees are placed in roles that best leverage their skills and potential for the organization.

5. Organizational learning and economic profitability

In today's rapidly changing business environment and global competition, organizations are facing difficulties in operating at an optimum level. Hence, the emergence of organizational development as today's changing environment in order to compete, survival and perform a wide range of activities in adapt to environmental changes (Roodposhti, 2007). Azari (2014) state that organizational development is a systematic use of behavioral science to develop the planned progress, improve, and emphasis on strategies, structures, and organizational processes for improvement of organizational effectiveness. According to Dobrai and Farkas (2015), organizational development is a planned wide-range effort, that includes the organization as a whole, and it aims to enhance effectiveness and sustainability of the organization through imperative planning into organizational processes. Al-aldaeja (2016) argues that organizational development is a comprehensive and integrated concept that is used to address the insufficiency and ineffectiveness of the organization. It is a planned effort to change the attitudes, culture, values of individual and collective work, leadership, organizational structure technology, and decision-making. It is also an institution-based approach as a whole system, provides adaptation to the changes in the environment. Omayan (2005) stated that organizational development is a long-term effort to improve the organization's capacity to solve problems and renew its operations through comprehensive development of the Organization's climate, with particular emphasis on increasing the effectiveness of its workforce by using human resource development practices. In this context, the researcher defines organizational development as is a system-wide application is designed to develop the employees through changing their values, skills, and behavior, as well as change the used technology and organizational structure in order to achieved maximum economic profit.

Organizational development is a systematic planning for change in human and structural processes to facilitate change among individuals, groups, and organizations. It prepares the organization for future responsibilities. It improves the capacity to perform at the current job. It prepares organization to fulfill the objective of the department and organizations.

OD exercises help organization in the development and growth with their activities of an organizational diagnosis, team building, task force, other structural and process interventions like role development, job enrichment, job re-designing, etc. HRM functions are the best tools to achieve the same which result organizational outcomes may act as creation of image, more profits, higher productivity, more competent people, more team work and finally ensures better utilization of human resources.

2.5. Strategic Perspective of Human Resource Development

HRD is seen as the human capital that organizations should protect core competencies through investment in training and development because the value of employees to the organization is pertained to the uniqueness and value of their capabilities and skills (Sambasivam&Kebede, 2013). HRD is well achieved through a strategic approach, a position consistent with resource-based and human capital strategies to meet organizational goals (Lepak& Snell, 1999). This enables organizations to mix different knowledge components, connect previous and current knowledge and combine internal and external knowledge to ensure sustained and continuous competitive advantage (Davenport, 2003).

HRD as a development policy process which includes formulation, adoption and implementation of policies, the monitoring of their effects and their adjustment followed by organizations (Dussault, 1999). Policymakers need to define explicit policy objectives based on a rigorous analysis of the initial situation and of the feasibility of change in the short, medium and long term. As stated by the same author in any organization, explicit objectives, supported by the public are crucial. These put policy-makers in a stronger position to negotiate with the stakeholders to shape HR policies. At the macro level, HRD requires a mix of strategies to achieve its objectives (Anyim et al., 2012). If it is really need-oriented, stakeholders must be involved at all stages of the policy-making, from problem identification and needs assessment, to the definition of objectives and priorities as well as of strategies (Swanson & Holton, 2009).

Therefore, planning, coordination of policy-making, regulation, monitoring and information are also strategically important to the well functioning of HRD.

2.6.Processes of Human Resource Development practice

As revealed by Harris et al. (2006), in today's changing environment, employees at all levels need additional capacity building and opportunity to managers to develop their management thinking. In this respect, organizations are required to be engaged in continuous employees‟ management development programs. Harris et al. (2006) identified five HRD processes which encompass needs assessment, identify and design objectives, implementing actual programs and conducting evaluation and follow up.

Needs assessment: this is the first task that organizations to identify human resource development needs (Charles, 2006). Since human resource development is a need-oriented effort, determining the level, type and duration of the training and development is of prime importance at this stage of the process (Bhupendra, 2009). Therefore, the dominant framework for identifying organization's HRD is needs assessment focusing on organizational analysis, task analysis and person analysis.

Identify and design objectives: Once HRD needs are clearly identified, the next process is to establish objectives. An objective is a specific outcome that the employee capacity building program is intended to be achieved (Scarpello&Ledvinka, 1988).

Instructional method and media: The instructional method and media depend on the program content and in turn developed by human resource development need identification and established objectives (Werther& Davis, 1996). The objective is to teach specific skill, provide needed knowledge, or try to influence attitudes the content, method, and media must match with the job requirement of the organization and the learning style of the participant.

Implementation of the HRD Program: As Harris et al. (2006), HRD program is aimed at enabling organizations to achieve objectives and the program is set up after having clear-cut objectives in mind. Moreover, providing answers to questions like what skills are going to be taught, what kind of employee development is sought, what long or short term objectives are proposed will determine the design and details of the programs (Chatterjee ,1995).

Evaluation and follow-up: Is the final phase of HRD program to verify the success of the program, i.e. whether employees in the program do the jobs for which they have been equipped (Bhupendra, 2009). It is most commonly interpreted in determining the efficiency and effectiveness of a program in relation to the desired goals and objectives. HRD is doing an investment in people to update their competence (Ahuja, 1988). As indicated by Milkovich and Boudreau (1991), the major reason for management investment in HRD program is that to capacitate employees to perform better to meet organizational objectives. Therefore, evaluation is a crucial mechanism to assess the effectiveness and efficiency the organization.

2.7. Principles of Human Resource Development

The principles stated below must be kept in mind while framing a HRD system so as to have a proper and regular development of the human resource in every organization.

Development of organizational capability: according to Deb (2010), the whole the development of employees and the organization are the basis of ideal human resource development system. The competencies include overall development of the work force in all aspects, such as: technical, psychological, physical or moral development should be in an organized manner.

Potential maximization: HRD system plays an important role to identify the employees" hidden potential that enables them to be competent enough to utilize their ultimate knowledge that can help to achieve organizational objectives (Habib, 2012).

Autonomy maximization: this is the degree of independence offered to employees at work so that they could be able to handle their responsibility to some extent. A proper HRD system must provide certain level of autonomy to its employees enabling them of handling duties on their own (Singh, 2012).

Maximum delegation: this principle implies that in an organization responsibility delegation i.e. sharing responsibilities of authorities with subordinates should be prevail to develop a cohesive and a congenial environment (Deb, 2010).

Participative decision-making: according to (Habib, 2012) this shows that top managers should encourage the participation of their subordinates in the system of human resource development to create favorable working environment where the employees are free to discuss their issues and their suggestion should be welcome.

Change management: as to this principle though usually people resist change, it is the inevitable thing in this universe. To be tough in the competition an organization and its human resource need to be as much flexible in getting itself adapt to the changing scenario. The balance between the organizational culture and the changing culture is maintained through good HRD system (Deb, 2010).

Periodic Review: according to Swartz (2010), this indicates that training and development, career planning and development, performance and potential appraisal, counseling as HRD functions that should be reviewed and renewed regularly at certain periodic intervals to capacitate the employees in an organization.

2.8. Benefits of Human Resource Development

Henry Ford the pioneer in the field of management states, "*Take out my building, take out my machines and all capital but leave my men with me I will become Henry Ford again"* This statement of Henry Ford highlights that human resource plays a crucial role in an organization (quoted in Wachira, 2012). In this competitive globalization HRD has immense function in meeting the challenging requirements of highly competent and skilled human resources. In this regard, component of human resource which transforms other resources to be productive can benefit the growth of the country (Gupta, 2008). Therefore, HRD fosters individual capability through practices strengthening organizational capacity to achieve a competitive advantage (Padaki, 2007). Haslinda (2009a) revealed that the purposes of HRD are said to capacitate the nature and extent of HRD activities being practiced in a give organization. Its purposes are centered on learning and performance perspective both benefiting the individual and the interests of stakeholders. In a wider sense, the purposes HRD centered on economic, social and the ethical benefits. HRD centrally focuses on training, development and learning with organizations for individual development to achieve organizational strategies and competence.

Yussuf and kasim (2003) stated that, the role HRD is crucial in promoting and sustaining growth and contributes significantly to economic development in terms of increased employees" productivity and plays a dominant role to make the economy more innovative, productive and competitive through the existence of more skilled human capability. Swanson and Holton (2009) further asserted that the organizations have been created by human beings and can soar and crumble, and HRD is intricately connected to the fate of any organization. Human expertise is developed and upgraded through HRD processes and should be applied for mutual long term and short term benefits. With appropriate HRD program, people become more committed towards their job; people are assessed on the basis of their performance (Deb, 2010). Therefore, HRD is considered as the key to better relations and greater profitability and higher productivity for any organization.

2.9. Theories of human resource development

HRD in the organizational context has been borrowed from other disciplines such as psychological theory, economic theory, and systems theory (Deb, 2010). A theory is a general statement or set of related statements about cause and effect, actions and reactions. The main purpose of discussing these various foundations is to acknowledge the fact that HRD should continue to develop as a discipline and the integration of economic, psychological and System theories serve as a unique theoretical foundation of HRD (Baradous, 1997).

2.9.1. Economic Theory of Human Resource Development

Business traced its roots in the early stages of human civilization in one form or the other every business activity is necessarily an economic activity. To give and to take has been the two aspects over which the base of business lies. In the earlier period of time, it was carried out on individual basis, but with the passage of time it turns out in the shape of a formal and an organized structure (Randall, 1987 &Torraco, 1999). An organization is an organic entity through which business is carried out primarily for achieving economic objectives of the organization. Moreover, the economic theory holds the critical position in the evolution of the concept of HRD in context of an organization. Economics is the study of how scarce resources are optimally utilized and how these scarce resources are allocated. It consists of certain concepts of efficiency which could help in designing a framework for ensuring maximum societal well-being. Thus, economics is considered to be one of the theories of human behavior (Deb, 2010).

2.9.2. Psychological Theory of Human Resource Development

From the organizational point of view psychology is concerned about the individual behavior at work. This theory asserts that the behavior and mental process of employees and their effect organizational system performance. For an organization to be effective and well-organized in the competitive edge and global scenario, it must take great care of maintaining a cohesive working environment. This is undertaken where the working conditions are integrated with the talents and skills of the HR. The application of psychological tools to solve problems of the employees working in the organizations facilitates their integration with the organizational climate and results in enriched and enhanced performance (Deb, 2010). According to (Deb, 2010), this theory operates at the individual level as well as at a group and at organizational level. It explains the way how the perceptions, attitudes, behavior of an individual can affect upon the technologies, internal sub-systems, processes, goals and objectives of the organization (Passmore, 1997). Therefore, understanding the psychological perspective is critical to the organizational performance. Because it brings key skills and perspectives that effectively facilitate change in culture and shifts in strategy to address the complex challenges and risks facing organizations. Moreover, to nurture the organizational effectiveness, there is a need to strike a balance between the individual needs and goals with that of the organization. Human considerations such as adapting with the dynamic changes of time, organizational decisions based on the performance of the employees, perceived equity has immense impact on individual performance and ultimately over organizational performance (Passmore, 1997).

2.9.3. Systems Theory of Human Resource Development

It sees the world in terms of „systems" where each system is a „whole" that is more than the sum of its parts, but also itself a part of larger system (Deb, 2010). System theory is the trans-disciplinary study of the abstract organization of phenomena, interdependent of their substance type or spatial or temporal scale of existence. This theory is an interdisciplinary field which studies the systems as a whole and explanation of how the interrelationships among inputs, processes, outputs, and feedback affect internal subsystems with set goals derived from and that contribute to the mission of the overall system (Randall, 1987 &Torraco, 1999).

According to (Lynham et al., 2004), organizations interact with the external environment and maintain a synergy between the internal affairs of the organization and the external environment; it is termed as an open system based on the assumption that an organization or an individual cannot develop in vacuum. Therefore, organizations have to expose themselves to the external world for growth and development. In the organizational context, HRD is a 24 sub-system and a system of its own because human resources are the prime movers of all other physical resources and transform those input resources into valuable output in the form of product and/or services. This transformational process involves a host of HRD processes, because of the reason that human efforts are required to augment the performance by familiarizing changes in human behavior (Deb, 2010).

2.10. Concept of profitability

Profitability means ability to make profit from all the business activities of an organization, company, firm, or an enterprise. It shows how efficiently the management can make profit by using all the resources available in the market. According to Harward and Upton (2012), profitability is the 'the ability of a given investment to earn a return from its use. However, the term 'Profitability' is not synonymous to the term 'Efficiency'. Profitability is an index of efficiency; and is regarded as a measure of efficiency and management guide to greater efficiency. Though, profitability is an important yardstick for measuring the efficiency, the extent of profitability cannot be taken as a final proof of efficiency. Sometimes satisfactory profits can mark inefficiency and conversely, a proper degree of efficiency can be accompanied by an absence of profit. The net profit figure simply reveals a satisfactory balance between the values receive and value given. The change in operational efficiency is merely one of the factors on which profitability of an enterprise largely depends. Moreover, there are many other factors besides efficiency, which affect the profitability.

Human asset treatment and corporate profitability

The main problem confronting human asset treatment in organizations include the difficulty to measure or value human capital over the last two decades, which has ran into the difficult problem of pricing such assets (Strassman, 1998). But the benefit associated with the exercise has forced many companies to embark on the exercise. Research carried out by Leadbeater and Demos (1999) in the UK revealed that methods used to measure human assets depend on which user group the report is for (Leadbeater& Demos, 1999). They stressed that internal users such as managers prefer the treatments that allow for more information and which allow human asset to be managed more effectively. For such users, a new range of performance measurement and internal corporate reporting which attempts to link financial performance such as cash flow to intangible drivers are sufficient.

2.11. Theories of Bank Profitability

Studies on the performance of banks started in the late 1970s/early 1980s with the application of two industrial organizations models: the Market Power and Efficiency Structure theories (Athanasoglou et al. 2006). The balanced portfolio theory has also added greater insight into the study of bank profitability (Nzongang & Atemnkeng 2006). Thus, each of the aforementioned theories and others related to bank profitability and its determinants are discussed in detail in this particular section as follows

2.11.1. The Market Power Theories

As noted in Tregena (2009) applied in banking the market power hypothesis posits that the performance of bank is influenced by the market structure of the industry. There are two distinct approaches within the market power theory; the Structure-Conduct-Performance (SCP) and the Relative Market Power (RMP) hypotheses. According to the SCP approach, the level of concentration in the banking market gives rise to potential market power by banks, which may raise their profitability. Banks in more concentrated markets are most likely to make „abnormal profits" by their ability to lower deposits rates and to charge higher loan rates as a results of collusive (explicit or tacit) or monopolistic reasons, than firms operating in less concentrated markets, irrespective of their efficiency (Tregenna 2009). Unlike the SCP, the RMP hypothesis posits that bank profitability is influenced by market share. It assumes that only large banks with differentiated products can influence prices and increase profits. They are able to exercise market power and earn non-competitive profits (Tregenna 2009).

2.11.2. The Efficiency Theory

The efficiency theory supports that the most favorable production can be attained through economies of scale. Thus, maximum operational efficiency in the short run is achieved at a level of output where all economies of scale available are being employed in an efficient manner (Odunga et al., 2013). Additionally, the efficiency theory explains that attaining higher profit margins arises from efficiency which allows banks to obtain both good financial performance and market shares (Mirzaei, 2012). “Efficiency Structure Theory” also suggest that banks able to earn higher profits if they are efficient than others. Efficient structure hypothesis suggests that large banks have superior management and production technologies which able to lower down operational costs, therefore earned higher profits when compared to small banks (Soana, 2011).

2.11.3. The Balanced Portfolio Theory

The portfolio theory approach is the most relevant and plays an important role in bank performance studies (Nzongang &Atemnkeng 2006). According to the Portfolio balance model of asset diversification, the optimum holding of each asset in a wealth holder's portfolio is a function of policy decisions determined by a number of factors such as the vector of rates of return on all assets held in the portfolio, a vector of risks associated with the ownership of each financial assets and the size of the portfolio. It implies portfolio diversification and the desired portfolio composition of commercial banks are results of decisions taken by the bank management. Further, the ability to obtain maximum profits depends on the feasible set of assets and liabilities determined by the management and the unit costs incurred by the bank for producing each component of assets (Nzongang &Atemnkeng 2006).

2.12. Concept of Economic Profitability in CBE

CBE"s economic profit takes in to account implicit cost and forgone incomes (opportunity costs) despite the accounting one. It can be computed by adapting different cost and revenue sharing or transfer methods. For the sake of simplicity and its popularity in the banking sector, Fund Transfer Pricing (FTP) method was employed to share interest income and expense with some customization to accommodate the peculiar nature of the Bank's service model.

Other incomes and incomes related with FOREX transactions held at the Head Office organs were cascaded to cost centers based on their contribution to the Bank. Likewise, expenses of Head Office organs were prorated to cost centers based on objectively defined parameters.

Economic profitability is a fundamental concern for any business organization particularly it became imperative for CBE since November 2023. Thus, a clear understanding of organizational economic profitability is important, owing to its strong effect on the performance of an organization and to become a competitive organization in the banking industry. It is therefore critical to understanding on the prevailed economic profitability and its alignment with the strategy of the Bank. Taking this into consideration, branches under CBE needs to practice maintaining economic profitability, identifying their gaps and to draw a mitigation mechanism in order to bring them economically profitable.

2.13. Factors affecting Branches Economic Profitability

It is obvious that there are a number of factors that affect branches economic profitability. Therefore it is necessary to identify these factors that branches are doing and to deal with by looking their current performance of economic profitability and provide recommendations.

Mainly Branches economic profitability depends on addressing all these mentioned below parameters in order to improve their performance.

2.13.1. Generating Revenue

Revenue generation is an essential strategic objective for branches seeking long-term success. Implementing effective revenue generating strategies is therefore crucial to achieve this goal. So, Branches need to analyze major factors for low revenue and implement revenue maximization mechanisms. In general terms, possible revenue maximization options for branches are:

A. Resource mobilized

Though branches have different deposit mobilization potential, a branch is expected at least to maintain an average deposit position increment. It is noted that most branches with the highest economic losses have the lowest deposit amounts compared to peers. Thus, these branches have a probability to earn more income by mobilizing additional deposit through enhanced customer-centric and innovative approaches.

Similarly, branches have to exert their ultimate effort in mobilizing FCY earnings. FCY is one of the most important resources for banks to profitable in general.

B. Increase commission, charges & other income

As a matter of coincidence, currently the Bank has revised and introduced new tariff. To exploit this opportunity properly, all loss incurring branches need to exercise different actions that help to minimizing economic loss with the adoption of new tariff.

C. Apply charges on in branch transactions

Before the introduction of new term and tariff, most of in branch transaction services were provided with less or free of charges. Thus, Branches can generate additional income from in branch withdrawal transactions and other services.

D. Apply charges on existing Digital Users

Before the introduction of new term and tariff, most digital transactions and services were provided with less or free of charges. As a result, Branches can earn additional income from existing digital banking services by applying the recently introduced term and tariff properly.

E. Apply charges on Other Services

Before the introduction of new term and tariff, most of in branch services were provided with less or free of charges. Thus, Branches can increase their income from such services by a certain percent charges of income through strict application of the new term and tariff.

F. Migrate in branch transaction to alternative channels/Digitalization

All loss incurring Branches need to migrate a certain percentage of their inter branch transaction (customer served at other branches or heavy users) to alternative channels such as card and mobile banking. By doing so, they can generate additional revenue and reduce operational expense (possible additional commission income from digital transaction service and operational expense reduction through minimizing transfer expense due to inter branch service).

2.13.2. Cost Optimization

Similar to maximizing the revenue generation from different streams, cost optimization in all aspects has a paramount impact on economic profitability of branches. Accordingly, branches are expected to take appropriate action in this regard too.

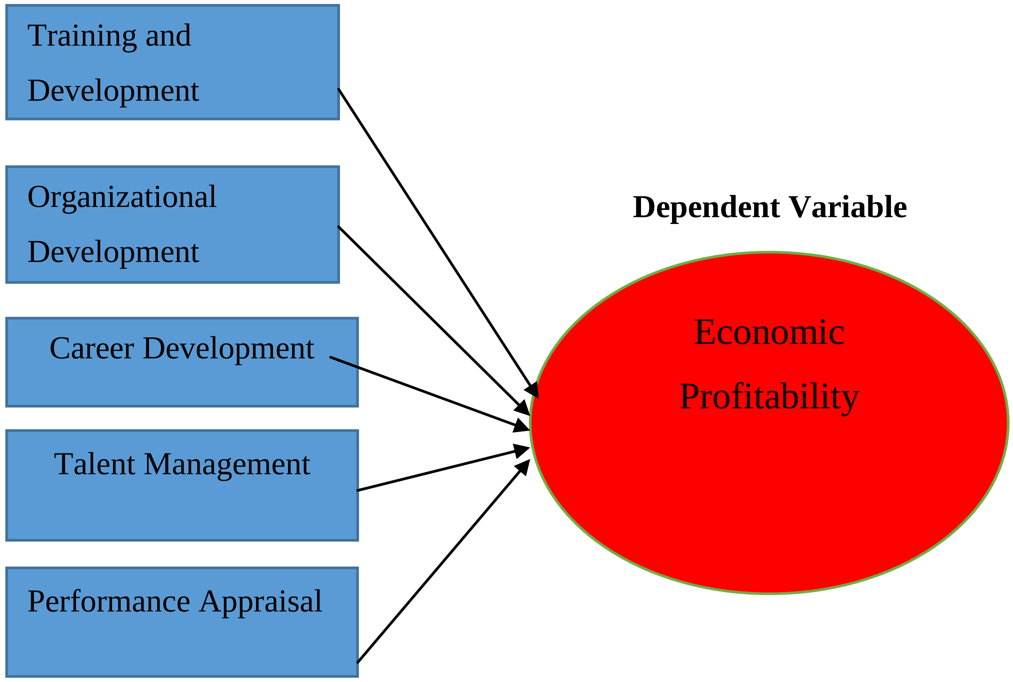
After setting parameters and adjusting all possible revenues and costs, total economic income and expense for each branch was computed as stated follows under dependent variable.

2.14. Conceptual Framework of the Study

Based on the above review of literature and discussion the following conceptual framework has been developed by the researcher, in which the dependent variable is organization performance and independent variables are human resource development practice components explained above.

Figure 1 Conceptual Frame Work of the Study

Independent Variable (Human Resource Development Practice)



Source: -Daniel Thomas June 2018 with modification

2.15. Variables Identification, operational definition and Hypothesis Formulation

2.15.1. Independent Variable Measures

The empirical reviews has been discussed in the previous parts above regarding researches conduced in HRD and profitability by various researchers. In this study the independent variable was human resource development practice of CBE, Woldia district. The independent variable in this study had five components. These are training and development, career development, talent management, performance appraisal organizational learning. Thus to measure components of human resource development practice the researcher had adopt (Bass &Avolio, 1990) model by preparing questions for each component scales developed and widely used. The scale had contained questions and respondents had respond on 5 point Likert scale ranging from strongly disagree (1) to strongly agree (5).

The independent variable has consisted of six components of human resource development practice. This includes the following.

1 Training and development: training involves providing the employees the knowledge and skills needed to a particular current job or task while development is preparing employees for future work responsibilities, increasing capacities and help them to perform their current job.

H1: Training and development has a significant and positive effect on Economic profitability in CBE Woldia district selected branches

2 Career Development (CD): focuses on the alignment of individual subjective career aspects and the more objective career aspects of the organization in order to achieve the best fit between individual and organizational needs as well as personal characteristics and career roles.

H2: Career development has a significant effect on Economic profitability in CBE Woldia district selected branches

3 Performance appraisals (PA): is an important part of HRD, which enables organizations to understand where their employee stands, what is expected from them, what they actually do, where they lack capacity and how they can be.

H3: Performance appraisal has a significant and positive effect on Economic profitability in CBE Woldia district selected branches

4 Talent Management; identifying new staff for key leadership role is not always easy. The existing workforce or outside candidates may lack important competencies. Succession planning increases the availability of experienced and capable employees who are prepared to assume this role.

H4: Talent Management has a significant effect on Economic profitability in CBE Woldia district selected branches

5 Organizational Learning: examines how in an organization context individual and team learning can be translated into an organizational resource and is therefore linked to processes of knowledge management. Organizational learning is concerned with the development of new knowledge or insights that have the potential to influence behavior. It takes place within the wide institutional context of inter-organizational relationships. Organizational development is a systematic use of behavioral science to develop the planned progress, improve, and emphasis on strategies, structures, and organizational processes for improvement of organizational effectiveness

H5: Organizational Learning has a significant effect on Economic profitability in CBE Woldia district selected branches

2.15.2. Dependent Variable Measures

The dependent variable of the study is economic profitability. CBE's economic profitability will be measured based on computing total revenue generated and total costs incurred.

Profitability = Total Income-Total Expense

Total Income =Transfer income from deposit (Interest) + Income from FCY collection & payment + Commission and charges (non FCY related) + Gain on FX exchange + other Income + Income shared from HO

Total Expense = Interest expense + Adjusted operational Expense (Salary & benefit and General expense) + Loss on FX exchange + Expense shared from HO

2.16. Research Hypothesis Formulation

Hypothesis formulated for this study was the following.

H1: Training and development has a significant and positive effect on Economic profitability in CBE Woldia district selected branches

H2: Career development has a significant effect on Economic profitability in CBE Woldia district selected branches

H4: Talent Management has a significant effect on Economic profitability in CBE Woldia district selected branches

H3: Performance appraisal has a significant and positive effect on Economic profitability in CBE Woldia district selected branches

H5: Organizational Learning has a significant effect on Economic profitability in CBE Woldia district selected branches

CHAPTER THREE

RESEARCH METHODOLOGY

3.0. Introduction

Research methodology is the philosophy or general principle which guides the researcher. Methodology provides an understanding of how the research will be conducted and organized in order to obtain information. "Methodology shape and inform the process of research. Furthermore, methodologies provide the user with a framework for selecting the means to find out, analyze order and exchange information about an issue. They define what can be known, how that should be presented and for whom this is done (Moti, 2005; p 95). Therefore, this chapter of the proposal has focused on the provision of methods on collecting, organizing and conducting of the study. Especially on operational definitions of variables, research design, sampling method, sample size, data type and source of data, data collecting tools, interpreting and analyzing data has been also be provided in detail.

3.1.Research Approach

The researcher used quantitative research approach. This is because the nature of the problem itself is relationship that needs description in terms of number.

3.2.Research Design

As stated in Cooper and Schindler (2008, p.140), research design constitutes the blue print for the collection, measurement, and analysis of data. Hence the study has employed a descriptive research design in order to assess the impact of human resource development practice of CBE. Because in order to collect detailed and factual information.

As indicated above using qualitative and quantitative methods of data collection provide a wealth of data that researcher discovers unanticipated resultant findings. Accordingly, the researcher used quantitative method of data collection as it is helpful to extract multitude of data. Quantitative data is usually gathered using questionnaires while qualitative data is gathered employing semi structured interview and from document (Saunders, et al. 2009, p.154).

In other words, the researcher intends just to explore and predicted the relationship between the two variables (HRD practice and organization economic profitability).

3.3.Sources of Data and Data Collection tools

The source of data collection for this research has been both primary and secondary data sources. The primary sources of data have been collected through close-ended questionnaire. On the other hand the secondary data will be obtained from the bank's procedures, manuals, other source documents, articles, annual reports and bank records .The secondary data sources has been used to complement the primary data and the information is related to human resource development practices and organization performance in Commercial Bank of Ethiopia

3.4. Method of Data Collection

The research questionnaire of this study has used close ended questions whereby the questions are provide with multiple or limited choices to answer for the respondents. The researcher personally distributed questionnaires that had make the respondents more to understand the questions. The questionnaire had two major parts. Part one of the questionnaire contained the general information of the respondents. This section has been designed to collect the demographic information from the respondents which include gender, age and work experience. Part two has contained general direction for close-ended questionnaire. For all questions the respondents has been asked to indicate their opinions on a 5-point scale (1= strongly disagree, 2 = disagree, 3= neutral, 4 = agree, 5 = strongly agree).

3.5. Population, Sample Size and Sampling Technique

3.5.1. Population of Study

Population is the entire group of people, events or things of interest that the researcher wishes to investigate (Cavana, Delahaye, & Sekaran, 2001, p. 252). Under Woldia district there are 41 branches. Of these 41 branches 6 branches has been selected based on various criteria by using convenient sampling technique. Some of these criteria are based on the branches' grade level, number and experience of employees, management experience, and convenience of branches by which they can be representatives for the other branches because these 6 branches are more than 10 % of the total 41 according to rule of Thumb. Therefore, the target population of this research was all clerical employees who are currently working as an employee in CBE, Woldia district selected branches with a total of 292.

Therefore the total populations of this study were 292 clerical employees. Out of the total population employees 169 clerical employees were selected from a sample frame from 6 branches by using random sampling techniques as depicted in table below 3.1

Table 1 Total Population of Sample Frame

No.	Name of the branch	Number of employees			Remark
		M	F	T	
1	Woldia	49	15	64	
2	Adago	39	9	48	
3	Lalibela	34	8	42	
4	Mersa	39	7	46	
5	Kobo	40	9	49	
6	Sekota	38	5	43	
	Toal	239	53	292	

Source:-Woldia District HR 2024

3.5.2. Sampling procedure and Size Determination

To determine the sample size and obtain representative of the target population, the study used statistical instrument formula. The mathematical formula published by (Yamane, 1967) the sample size has been determined since the population is homogeneous and known.

$$\boldsymbol{n} = \frac{\boldsymbol{N}}{\mathbf{1} + \boldsymbol{N}(\boldsymbol{e})}2$$

n=Sample size required

N=the study population

e = Level of precision/allowable error /sampling error (0.05) at 0.95(95%) confidence level (t) of 0.5(5%) unit variance (p). To calculate the sample size at 95% confidence level and 5% margin error;

$\boldsymbol{n} = \frac{292}{1+292(0.05)}$ 2=169

n =169

Using the above statistical formula, the sample size of study has been determined as follows.

Table 2 Sample size of the study

No	Name of the branch	Number of employees in each branch	Proportion of samples	Sample size
1	Woldia	64	64/292*280	37
2	Adago	48	48/292*280	28
3	Lalibela	42	42/292*280	24
4	Mersa	46	46/292*280	27
5	Kobo	49	49/292*280	28
6	Sekota	43	43/292*280	25
	Total	292		169

3.5.3. Sampling Technique

The main intention of this research is to examine the impact of human resource development practice on economic profitability in CBE, Woldia district. Since, it has been assumed that not only the opinion of employees may be varied from branch to branch but also the opinion of employee towards economic profitability. By considering this assumption to get valid representative of sample, the research has utilized both probability and non probability sampling techniques. From non probability sampling, convenient sampling technique has been used to select branches based on some criteria like the branches' grade level, number and experience of employees, number and management experience, and convenience of branches by which they can be representatives for the other branches. And also probability sampling of simple random sampling technique has been employed to select employees by providing equal chance of being included in the sample. As a result, 6 branches of CBE that found under Woldia district and 280 employees in the mentioned branches have been engaged in this study.

3.6. Method of Data Analysis

After collecting the distribute questionnaire, data has been properly organized and prepare for codification. Following this, the coded data has been feed to SPSS software program. The quantitative data gathered through close ended questions has been analyzed through descriptive statistics using the Statistical Package for Social Science (SPSS version 25.0) and for presenting through percentages, frequencies, mean and standard deviation. Tables were used to present the study findings. The data has been analyzed using statistical analysis method Such as descriptive statistics (such as mean, percentage, standard deviation, frequency .etc) to describe the demographic characteristic and inferential statistics in order to explore in depth relationship between variables such as T-test, F-test, ANOVA, Regression).

For the purpose of analyzing the relationship between the study variables, the study has used both correlation and regression analysis. Correlation analysis has been applied in the study as it allows the quantification of the strength of the relationship between the independent variables and dependent variable. Regression analysis has been helped the researcher to analyze the existing relationships between the study's independent variable and the dependent variable. The key benefit of using regression analysis has been laid in its ability to indicate the extent to which changes in the independent variables affect the dependent variable. It was also able to indicate the relative strength of the different independent variables' effects on the dependent variable.

3.7. Model specification of the study

The mathematical framework is an expression of the relationship between dependent and independent variables as the dependent variable is the function of independent variables. The mathematical framework is:

$Y = a + \beta x$

Where,

Y = Dependent variable

a = Intercept

β = slope (coefficient) of independent variable (x)

Therefore, the mathematical framework for this research can be written as:

$EP = a + \beta 1\ TD + \beta 2CD + \beta 3\ PA + \beta 4\ TM + \beta 5\ OL + \mu$ ………………………… Equation 3.1

Where,

Y = Economic profitability (which is the dependent variable)

TD = Training and Development

CD = Career Development

PA = Performance Appraisal

TM = Talent Management

OL = Organizational Learning

a = Constant

$\beta 1 - \beta 5$ = Coefficients of independent variables

μ = Error term/ Stochastic disturbance

Further, the t-test with a critical value of 1.96 and a p value of 0.05 has been used to test the significance of the effect of training and development, career development, performance appraisal, talent management, organizational learning on the organizational economic profitability of CBE Woldia district. According to Kothari (2004) an independent variable has a significant effect if the t statistics is greater than + or – 1.96 or if the p value is less than 0.05

3.8. Measure Validity and Reliability

3.8.1. Validity

Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. Validity is also the extent to which differences found with a measuring instrument reflect true difference among those being tested. For the purpose of this study, validity has been established by means of face and content validity. Face validity is a property of a test by which the researcher presents the questioner to the respondent that has increase its validity. Content validity is a non-statistical type of validity also known a logical validity. It is the extent to which a measuring instrument provides adequate coverage of the topic under study. The questionnaire has been designed to be simple and user friendly. In addition, the researcher was in a capable position to address concerns from respondents within a short period of time.

3.8.2. Reliability

Reliability refers to the extent to which a measure of a concept is stable Bryman and Bell (2007:731). Reliability analysis has been used to test internal consistencies of each construct ensuring a high degree of generalization across items within the test. For the purpose of this study, reliability was established by computing Cronbach’s Coefficient Alpha (Kent, 2007:141). The central consideration of validity concerning the process of data collection is that of reliability.

3.9.Ethical Considerations

In social science research, ethical considerations' are critical when researching people or animals. In order to collect data successfully, the researcher had voluntary consent of the participants. In addition, showing respect for research participants and explaining the purpose of the study, the reason why they were selected, the amount of time that they are involved and their responsibilities. Furthermore, the researcher had created a healthy rapport with respondents expressing that there are decisive for the successful accomplishment of the study. At the beginning researcher has made a clear the objective of the study which does not have any negative effect in the individual's personal life at the end and be confidential enough to the respondents and clearly justify for the respondents these document is use for these study only.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, INTERPRETATION AND DISCUSSION

4.0. Introduction

This chapter presents the research findings, limitations of the study and chapter summary. These findings were carefully analyzed and the responses well represented using graphs and pie charts. Percentages corresponding to the figures were used in this analysis to show how valuable this information.

This chapter aims to analyze and present the data which was collected through structured questionnaires. In this research, Statistical Package for Social Science (SPSS) version 25 was used for data analysis. Since the objective of the study is to test the relationship between the independent variables and dependent variables of the study, the most appropriate statistical testing tool applied was multiple linear regressions and a general linear univariate model. Further, the chapter presented hypothesis testing, findings, and discussions of findings.

4.1.Respondent Response Rate

Out of 169 distributed questionnaires, 164 were correctly filled and returned forming a response rate of 97.00% while 5 or 3% of the distributed questioner is not returned back of the entire questionnaire. According to Kothari (2004) a response rate of 50% is considered average, 60 - 70% is considered adequate and anything above 70% is considered to be excellent. Therefore, a response rate of 97% is excellent. The high response rate was attributed to the techniques applied in the administration of the questionnaire by enumerators, the use of multiple contact persons, and making follow-up calls and visits.

Table 3 Respondent Response Rate

Case Processing Summary			
		N	%
Cases	Valid	164	97.0
	Excluded[a]	5	3.0
	Total	169	100.0
a. Listwise deletion based on all variables in the procedure.			

Source: (SPSS Output Own Survey Result, 2024)

4.2. Descriptive Analysis Demographic data

Descriptive statistics was employed to measure the response of the participant with statistical tools such as frequency and percentage. Except for demographic data, all questionnaires were 41 measured by 5 point Likert scale which included a scale of (1) strongly disagree, (2) Disagree, (3) Neutral, (4) Agree, and (5) strongly agree

4.2.1. Age of respondents

The researcher needed to know the age distribution of respondents to help categorize employees. Table below summarizes the data obtained on the ages of respondents.

Table 4 Age distribution of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-30	39	23.1	23.8	23.8
	31-40	100	59.2	61.0	84.8
	41-50	22	13.0	13.4	98.2
	51-60	3	1.8	1.8	100.0
	Total	164	97.0	100.0	
Missing	System	5	3.0		
Total		169	100.0		

Source: (SPSS Output Own Survey Result, 2024)

Analyzing the data obtained from the questionnaire, table 4 reveals that of the total population of 169, 39 respondents were between 20-30 years representing 23.1% of the population. The next and largest respondents were between the age of 31-40 representing 59.2% and they were 100 in number. The third group of respondents was fall under the age category of 41-50 that represent 13.0 % or 22 employees from the total respondents. The remaining 3 respondents were aged between 51- 60 representing 1.8% of the total observations while 5 with 3% was unreturned.

Figure 2 Sex of Respondents

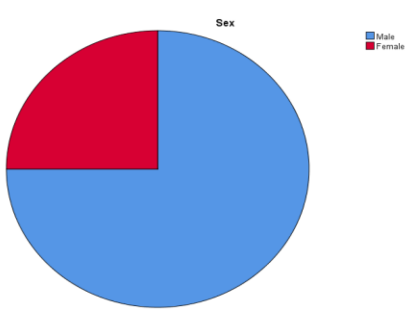


Figure 4.1 sex compositions of respondents

Figure 4.1above indicates data on sex of respondents. The table shows that the male respondents formed majority of the target population with a total of 123 representing 75%, while 41 respondents were female representing 25%.

4.2.2. **Educational background of the respondents**

Table 5 educational background of respondents

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Degree	109	64.5	66.5	66.5
	Masters Degree	55	32.5	33.5	100.0
	Total	164	97.0	100.0	
Missing	System	5	3.0		
Total		169	100.0		

Source: (SPSS Output Own Survey Result, 2024)

From table 5, it can be seen that respondents hold a range of educational qualifications from first degree to Masters Level. Majority of the sample group were holding first degree which accounted 109 of the respondents' i.e. 64.5 percent. The remaining 55 respondents with 32.5 percent were master graduates.

4.2.3. **Respondents' salary per month**

The following table indicates the proportion of employees' monthly salary while working in Commercial Bank of Ethiopia.

As indicated from 6 majorities of the respondents representing 69 out of 169 with percent of 40.8 were getting monthly salary of above 22,831 birr. The numbers of respondents that earned monthly salaries of ranging from 12,001 to 22,830 birr constitute 50 or 29.6% of the total respondents. The rest 45 respondents were earning the monthly salary of 7,000 to 12,000 covering 26.6 percent and the rest 5 with 3% unreturned.

Table 6 Respondents' salary per month

Salary

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	7,001-12,000	45	26.6	27.4	27.4
	12,001-22,830	50	29.6	30.5	57.9
	> 22,831	69	40.8	42.1	100.0
	Total	164	97.0	100.0	
Missing	System	5	3.0		
Total		169	100.0		

Source: (SPSS Output Own Survey Result, 2024)

4.2.4. Marital status of Respondents

The following table can clearly shows the marital-status of respondents. As table 7 reveals information of the respondents marital status majority of the respondents were married which represents 74% or 125 of the total respondents. And also the proportion of single employees showed 39 or 23.1%of the total respondents.

Table 7 Marital status of respondents

Marital Status					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	125	74.0	76.2	76.2
	Single	39	23.1	23.8	100.0
	Total	164	97.0	100.0	
Missing	System	5	3.0		
Total		169	100.0		

Source: (SPSS Output Own Survey Result, 2024)

4.2.5. Current position of Respondents

Respondents were also asked to indicate their current position. CBE as an organization developed its own organizational structure that flows onto various job positions that require various kinds of experience, planned and systematic training to enhance their skills, attitudes, knowledge and competencies for improved its organizational economic profitability. The table below captures the positions of the respondents in CBE:

Table 8 gives the various positions of employees who responded to the questionnaire. Based on the responses collected Branch Managers were 7 in number with 4.1% , Branch Operation

Manager 5 with 3%, Branch Business Manager were 6 with 3.6%, CSM Service 11 with 6.5%, Manager Branch Control 5 with 3, CSM Sales 3 with 1.8%, BBOs Back counting 28 representing 16.6% of the total observation, BBO Front were 22 in number representing 13%., 36 counted as SBOO representing 21.3 %, CSO total 12 with 7.1%, followed by SBOO counting 14 with 8.2%, and CRM were 15 with 8.9% , respectively.

Table 8 Current position of respondents

Current Position					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Branch Manager	7	4.1	4.3	4.3
	Manager Branch Operation	5	3.0	3.0	7.3
	CSM Service	11	6.5	6.7	14.0
	Manager Branch Business	6	3.6	3.7	17.7
	Manager Branch Control	5	3.0	3.0	20.7
	CSM Sales	3	1.8	1.8	22.6
	BBO Back	28	16.6	17.1	39.6
	BBO Front	22	13.0	13.4	53.0
	CSO	12	7.1	7.3	60.4
	SBBO	36	21.3	22.0	82.3
	CRM	15	8.9	9.1	91.5
	SBOO	14	8.3	8.5	100.0
	Total	164	97.0	100.0	
Missing	System	5	3.0		
Total		169	100.0		

Source: (SPSS Output Own Survey Result, 2024)

4.2.6. **Respondent's Years of service in the organization**

Table 9 Respondents' years of work experience

Working Experience					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5	49	29.0	29.9	29.9
	6-10	36	21.3	22.0	51.8
	11-15	72	42.6	43.9	95.7
	16-20	7	4.1	4.3	100.0

	Total	164	97.0	100.0	
Missing	System	5	3.0		
Total		169	100.0		

Source: (SPSS Output Own Survey Result, 2024)

As observed from the table 9 above, the respondents under Woldia district have served CBE for different years. This means the organization has a blend of experienced and young professionals who require constant HRD practices to update their skills and knowledge to perform their job. It can be seen that respondents who have served for 1-5 years counted 49 representing 29%, whilst respondents who have served the bank for 6-10 years followed with a frequency of 36 representing 21.3% the remaining respondents who have served between 11-15 years and 16-20 years counted 732and 7 representing 42.6%, and 4.1% respectively

4.3. **Descriptive Statistics of Variables**

For standard deviation measurement, the explanation of Wegner (2012) was inferred, Wegner stated that Standard deviations of about one and less than one show that most of the responses are gathered about the mean value and it also indicates agreement with regards to the given question or variable (Wegner, 2012). As AlShaikhly (2017) suggests relative importance for a mean can be assigned based on.

Table 10 Descriptive statistics of variable

Descriptive Statistics			
	Mean	Std. Deviation	N
EP	4.0770	0.40520	164
TD	3.7508	0.40993	164
CD	3.9329	0.46033	164
PA	3.6057	0.44155	164
TM	3.8864	0.51656	164
OL	4.0061	0.60364	164

Source: (SPSS Output Own Survey Result, 2024)

Hence, it is possible to infer all of the variables mean are under the high degree category in this case their relative importance is high which is around agree and strongly agree side taking into consideration the measurement instrument used for this study is 5 point Likert scale as expressed by AlShaikhly (2017). And their standard deviation rounds down to one and they fulfill Werner (2012) explanation. Therefore most of the responses are gathered about the mean value. And from the variables organizational learning has the highest mean score with a value of (4.0061), followed by Career development (3.9329), and then by Talent management (3.8864), training and development (3.7508), and Performance appraisal by which found to have the lowest mean score compared to the other identified predictors with a value of (3.6057).

4.4. **Reliability and Validity**

Before applying statistical tools, testing of the reliability of the scale is very much important as its shows the extent to which a scale produces consistent result if measurements were made repeatedly. This is done by determining the association in between scores obtained from different administrations of the scales. If the association is high, the scale yields consistent result, thus is reliable. Cronbach's alpha is most widely used method. It has mentioned that its value varies from 0 to 1 but satisfactory value is required to be more than 0.6 for the scale to be reliable (Cronbach's, 1951). In the present study, the researcher used Cronbach's alpha scale as a measure of reliability. Data was analyzed to measure reliability. Inter item consistency reliability or Cronbach's alpha reliability coefficients of one dependent, and five independent variables were obtained, they all were above (**α**= .794). Data was analyzed to measure reliability. The study computed separate and combined reliability estimates, which are similar to the normally used coefficient alpha statistics. Cronbach's value beyond (**α** = .794) signifies good reliability (Cuieford, 1965).

Inter item consistency reliability or Cronbach's alpha reliability coefficients of one dependent, one mediating and four independent variables were obtained, they all were above (**α**= .731). Cronbach's alpha calculated is given in the Table 11. As the coefficients get closer to (**α**= 1.0) the better is reliabilities and coefficients, and less than (**α** = .60) are considered poor. Training & development scale contained 8 items with (**α** = .786) Cronbach's alpha value, career development was measured by 6 item with Cronbach's alpha of (**α** =.774), performance appraisal was measured through 6 items with Cronbach's alpha of (**α** =.759), talent management scale contained 8 items with (**α** = .757) Cronbach's alpha value and organizational learning the last HRM practice of the study was also measured by 5 item scale with Cronbach's alpha (**α** =.766), and the dependent variable perceived economic profitability was also measured by 8 items scale with Cronbach's alpha value of (**α** =.731).

Table 11 Reliability value of the Scale

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
TD	19.5081	3.237	0.438	0.786
CD	19.3260	3.044	0.495	0.774
PA	19.6532	2.993	0.565	0.759
TM	19.3725	2.798	0.571	0.757
OL	19.2528	2.600	0.558	0.766
EP	19.1819	2.902	0.713	0.731

Source: (SPSS Output Own Survey Result, 2024)

Reliability Statistics	
Cronbach's Alpha	N of Items
0.794	6

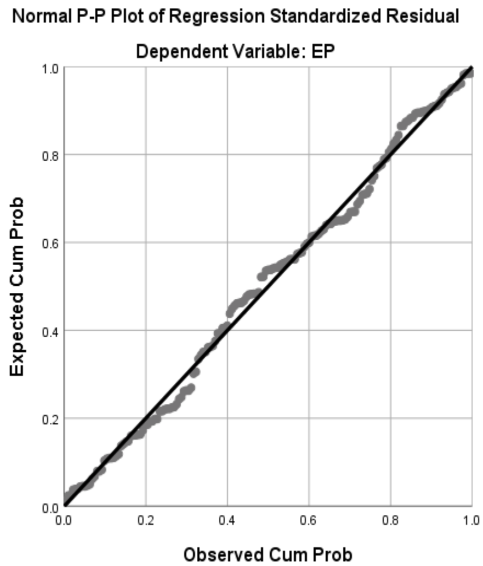
Source: (SPSS Output Own Survey Result, 2024)

4.5. **Test of Assumptions**

4.5.1. Relationship between dependent and independent variables are linear.

The normal probability plot is a graphical technique for assessing for whether or not a data set is approximately normally distributed. The data are piloted against a theoretical normal distribution in such a way that points should form an approximate straight line. Departure from this straight line indicates departures from normality.

Chart 1 Probability Distribution



Source: (SPSS Output Own Survey Result, 2024)

4.5.2. Auto-correlation Test

Test of auto-correlation should be done to check there is no interdependence of errors or there is no relationship between the independent variables and the residual variable. In this case we can check this assumption by computing the Durbin Watson value obtained from the model summery of the regression analysis.

Table 12 Model summery of the study

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.715[a]	0.512	0.496	0.28753	1.501
a. Predictors: (Constant), OL, TD, CD, PA, TM					
b. Dependent Variable: EP					

Source: (SPSS Output Own Survey Result, 2024)

Therefore if the value of Durbin Watson is between 1.5 to 2.5 there is no relationship between the residual variable and the independent variable and this assumption is satisfied.

4.5.3. Test of Normality

Table 13 probability distribution of results

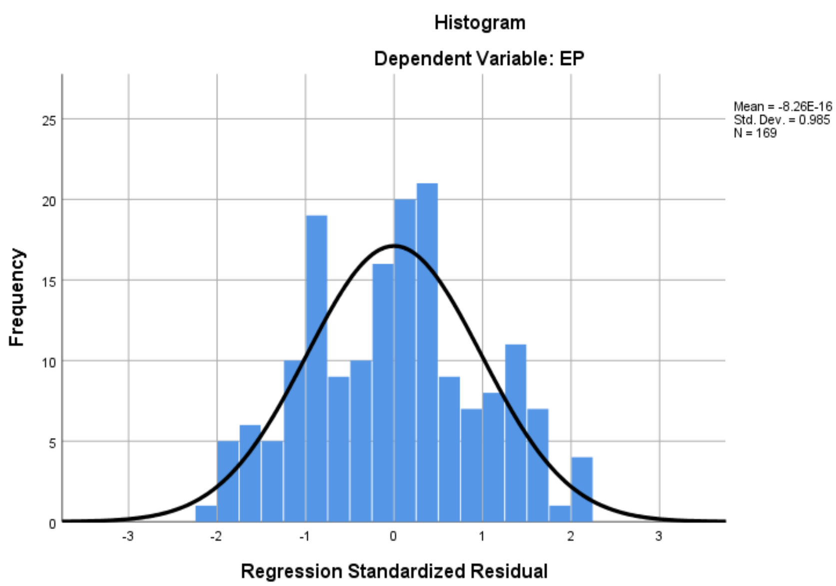
Tests of Normality		
	Kolmogorov-Smirnov[a]	Shapiro-Wilk

	Statistic	df	Sig.	Statistic	df	Sig.
Standardized Residual	0.050	169	.200*	0.987	169	0.129
***. This is a lower bound of the true significance.**						
a. Lilliefors Significance Correction						

Source: (SPSS Output Own Survey Result, 2024)

The residual values needs to be normally distributed**.** The test of normality can be checked by computing the Shapiro Wilk test. The result obtained from the Shapiro Wilk test indicates that the entire variable had a p-value greater than 0.05, meaning the variables involved in the study follow a normal distribution. Therefore it can be conclude that the residual value is normally distributed and so that the regression analysis procedure have been fulfilled.

Chart 2 Histogram



Source: (SPSS Output Own Survey Result, 2024)

4.5.4. Test of multi-collinearity

In this assumption if the independent variables are not strongly correlated with one another it is assumed that there is no multi-co linearity. This can be done by computing correlation between independent variables and if the correlation value is >= 0.07 there is a strong correlation between these independent variables and there is multi co linearity. Or by looking at the VIF value we can test the multi-collinearity. Therefore when computing the VIF and its value is < 10, there is no problem of multi- co linearity or if Tolerance is > 10% there is no problem with the data.

Table 14 Collinearity statistics

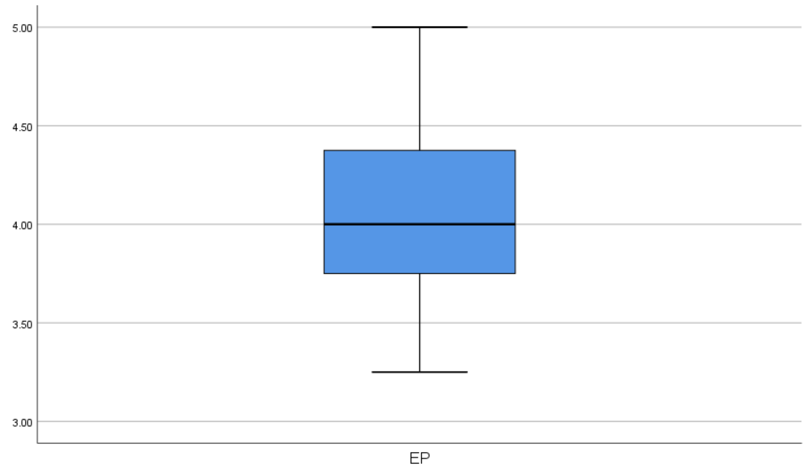
Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	TD	0.827	1.209
	CD	0.780	1.282
	PA	0.702	1.424
	TM	0.682	1.466
	OL	0.734	1.363
a. Dependent Variable: EP			

Source: (SPSS Output Own Survey Result, 2024)

Therefore all VIF column values are less than 10, and Tolerance values are greater than 10% respectively, showing that there is no multi co linearity influence between independent variables.

4.5.5. Test of significant Outliers

Chart 3 Outlier



Source: (SPSS Output Own Survey Result, 2024)

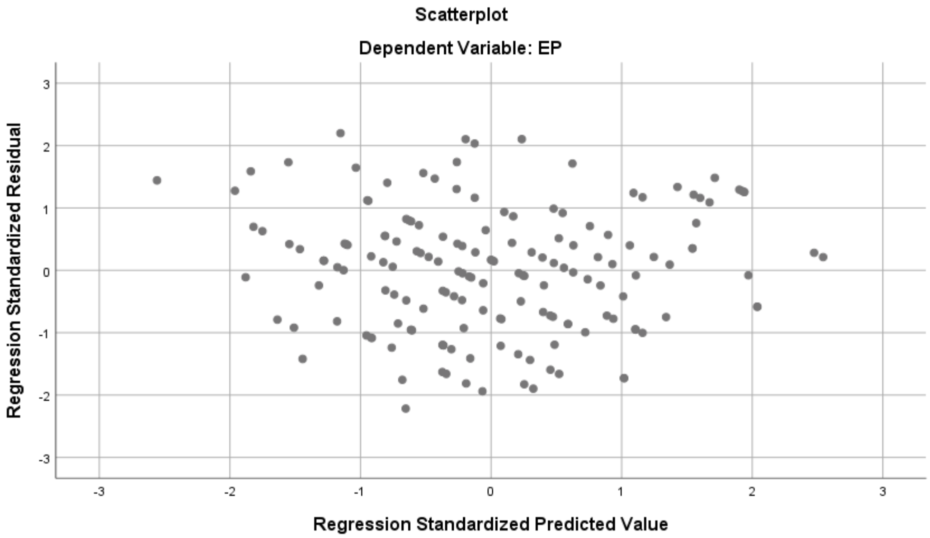
In this case if there are no circles or any other asterisks on either end of the box, this is an indication that no outlier is presented.

Generally, before conducting regression analysis all relevant tests of assumptions here above are satisfied and can be proceed to regression analysis.

4.5.6. Test of Hetroscedasticity

This test can be checked by using the scatter plot output of the SPSS.

Chart 4 Scatter plot



Source: (SPSS Output Own Survey Result, 2024)

Hence, based on the scatter plot output above, it appears that the spots are diffused and do not form a clear specific pattern, so it can be conclude that the regression model does not occur hetroscedasticity problem.

4.6. Inferential Statistics

This part discussed the results of inferential statistics and the section presented classical linear regression assumptions tests, Pearson's correlation coefficient, and regression analysis that were performed to examine the objectives of the study. With the support of these statistical techniques, conclusions were drawn concerning the sample, and further decisions were made concerning the research hypothesis. Hence, these are stated as follows:

4.6.1. Pearson correlation analysis

The study performed the Pearson correlation analysis to assess the relationship between the study variables. Correlation refers to synonym for association or the relationship between variables. It measures the degree to which two sets of data are related. Higher correlation value indicates stronger relationship between both sets of data (Coetzee, 2003).The correlation coefficient is a statistical measure of the association between two numerical variables (Zikmund, 2010). The correlation coefficient is a standardized measure of an observed relationship, it is a commonly used measure of the size of the relationship, and values of ± 0.1 represent a low relationship, ± 0.3 is a moderate relationship and ± 0.5 is a strong relationship (Brooks 2008). Alwadael, (2010) also supported the correlation relationships standard of Brooks (2008). The results are as illustrated in Table 15.

Table 15 Inter-Item Correlation Matrix

Correlations							
		EP	TD	CD	PA	TM	OL
Pearson Correlation	EP	1.000	0.424	0.473	0.528	0.498	0.552
	TD	0.424	1.000	0.260	0.327	0.315	0.313
	CD	0.473	0.260	1.000	0.337	0.377	0.367
	PA	0.528	0.327	0.337	1.000	0.467	0.386
	TM	0.498	0.315	0.377	0.467	1.000	0.404
	OL	0.552	0.313	0.367	0.386	0.404	1.000
N	EP	164	164	164	164	164	164

Source: (SPSS Output Own Survey Result, 2024)

Results of the Pearson correlation as shown on Table 15 above indicate that there is a significant positive correlation between training and development and organizational economic profitability (r= 0.424,); a significant correlation between career development and economic profitability (r=0.473) and also a significant correlation between performance appraisal and economic profitability (r=0.528), there exists a significant and positive correlation between talent management and economic profitability (r=0.498). Also results of the correlation shows the existence of significant correlation between organization learning and organization economic profitability (r=0.552). Table 15 shows a correlation matrix, displaying how each item correlates to all of the other items. When read down the column of questions and across each row to see which two variables are being compared, there is a list of 1.000 across the diagonal (top left to bottom right). This represents instances where the item has been correlated with itself. Because the scores are identical, the correlation is perfect (r = 1). If all of the items are measuring the same concept, we would expect them all to correlate well together.

4.7. Regression analysis

According to Hair et al. (2007) Multiple Regression Analysis is a form of general linear modeling that is an appropriate statistical technique when examining the relationship between a single dependent (criterion) variable and several independent (predictor) variables. Specifically, this multiple regression was conducted in order to investigate the effect of selected determinant factors (training and development, career development, performance appraisal, talent management, and organizational learning) on the dependent variable (economic profitability).

As of the other statistical tool, the study applied the regression analysis to the study and investigated whether the constructed model is significant or not. In addition, the regression analysis tool in SPSS has calculated the total explained variance of this model from the model summary table 17 below in the output of regression analysis, the regression equation has been composed and this equation indicates the mathematical relationship between the dependent variable (economic profitability) and independent variables (training and development, career development, performance appraisal, talent management and organizational learning).
The researcher analysed the data by using multiple regression analysis. In this context, a multiple regression was performed, by making use of all the variables (i.e., dependent and independent variables) available in the dataset using SPSS version 25. The estimation process was based on Ordinary Least Squares (OLS) [i.e. y= a + bx]. For this, purpose, the researcher consider the following model specifications, by taking as dependent variable i.e., organizational economic profitability by making HRD practices as independent variables.

Table 16: variables entered/removed

Table 16 reveals that all the variables that the researcher used are entered or there is removed variable.

Table 16 variables entered/removed

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	OL, TD, CD, PA, TM[b]		Enter
a. Dependent Variable: EP			
b. All requested variables entered.			

Source: (SPSS Output Own Survey Result, 2024)

Table 17 model Summary

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.715[a]	0.512	0.496	0.28753	1.501
a. Predictors: (Constant), OL, TD, CD, PA, TM					
b. Dependent Variable: EP					

Source: (SPSS Output Own Survey Result, 2024)

This table tells us what % of variability in the dependent variable is accounted for by all of the independent variable together (it's a multiple R-square) displaying information about how the two variables relate to one another. In this case, the term 'model' is used because we are trying to build a model of the relationship between our variables.

Model summary of regression analysis has presented in Table 17. R-Square is a commonly used statistic to evaluate model fit. R-square is called the coefficient of multiple determinations, is the percent of the variance in the dependent variable explained uniquely or jointly by the independent variables. It indicates that 51.2% of the changes on Economic Profitability could be attributed to the combined effect of the predictor variables.

The HRD practices (TD; CD; PA; TM; and OL) in the above model revealed the ability to predict EP (R2 = .505). In this model value of R2 denotes that 51.2 % of the observed variability in EP can be explained by the HRD practices explicitly TND; CD; PA; TM; and OL. The remaining 49.5 percent is not explained which means that the rest 48.8 percent of the variation of EP is related to other variables which are not depicted in the model. This variance has highly significant as indicated by the F value ($F=33.140$ and $P < 0.01$). Therefore, there must be also other variables that were not included in this study that could influence economic profitability in the study area. This will open a door for future researchers to include or consider the left variables.

The adjusted (R2) value indicates the loss of predictive power or shrinkage, the adjusted value tells us how much variance in determining economic profitability would be accounted for if the model had been derived from the population from which the sample was taken.

In table 17: the difference for the final model is very small (0.512-0.488 =0.024). This shrinkage means that if the model were derived from the population rather than a sample it would account for approximately 2.4% less variance in the outcome. Hence the samples are adequate in taking into consideration for this study

4.8. Analysis of Regression Variance

Analysis of Variance (ANOVA) was used to make simultaneous comparisons between two or more means; thus, testing whether a significant relation exists between variables (dependent and independent variables). This helps in bringing out the significance of the regression model. The ANOVA results presented in Table 18 shows that the regression model has a margin of error of p = 0.000. This indicates that the model is significant since its p value is less that significance test of 0.05. An F statistic of 33.140 indicated that the combined model was significant. This was supported by a probability value of (0.000). The reported significance level of (0.000) is less than the conventional probability of (0.05) hence significant.

Table 18 Analysis of variance results of the regression analysis

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.700	5	2.740	33.140	.000[b]
	Residual	13.063	158	0.083		
	Total	26.762	163			
a. Dependent Variable: EP						
b. Predictors: (Constant), OL, TD, CD, PA, TM						

Source: (SPSS Output Own Survey Result, 2024

The Anova table tells us whether or not our model (which includes all HRD practices) is a significant predictor of the outcome variable economic profitability. This is tested using Analysis of Variance. As the significance value is less than p=0.001, we can say that the regression model significantly predicts organization performance. Therefore it can be written as F (Regression df, Residual df) = F-Ratio, p = Sig.

4.9. Test of significance

Table 19 summarized regression analysis coefficients and shows, which variable is an individually significant predictor of the dependent variable and it is measured considering sig. value, β –value, and t-statistics. Therefore if the t-test associated with a β –value is significant (if the value in the column labeled sig. is less than 0.05) then the predictor is making a significant contribution to the model.

Table 19 Regression Analysis of Coefficient

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.827	0.270		3.060	0.003
	TD	0.161	0.060	0.163	2.659	0.009
	CD	0.169	0.055	0.192	3.053	0.003
	PA	0.212	0.061	0.231	3.476	0.001
	TM	0.120	0.053	0.153	2.281	0.024
	OL	0.188	0.044	0.279	4.305	0.000
a. Dependent Variable: EP						

Source: (SPSS Output Own Survey Result, 2024

Table 19 summarized regression analysis coefficients and shows, which variable is an individually significant predictor of the dependent variable and it is measured considering sig. value, β –value, and t-statistics. Therefore if the t-test associated with a β –value is significant (if the value in the column labeled sig. is less than 0.05) then the predictor is making a significant contribution to the model. The regression coefficient β represents the change in the outcome resulting from a unit change in the predictor and if a predictor is having a significant impact to predict the outcome. The β value tells us the constant term and the coefficient of independent variables affecting the dependent variable (economic profitability).

The p-value is less than 0.05 for all the variables hence; it indicates that all independent variables used in the study significantly predict economic profitability (dependent variable).

Hence, the model explains the most possible combination of predictor variables that could contribute to the relationship with the dependent variable. The regression equation established that taking all factors into account (training & development, career development, performance appraisal, talent management, and organization learning) constant at zero organizational economic profitability in CBE Woldia district will be 0.827. The β- values tell us to what degree each predictor affects the result if the effects of all other predictors are held constant.

The findings presented also show that taking all other independent variables at zero, a unit increase in the training & development would lead to a 0.161 increase in the organizational economic profitability in CBE Woldia district. Further, the findings showed that a unit increases in the career development would lead to a .169 increase in the economic profitability in CBE Woldia district. In addition, the findings show that a unit increase in performance appraisal would lead to a .212 increase in economic profitability of CBE Woldia district. Again a unit increase in the talent management would lead to a .120 increase in the organizational economic profitability of CBE Woldia district. And also a unit increase in the organizational learning would lead to a .188 increase in the economic profitability of CBE Woldia district. Overall, performance appraisal had the greatest effect on the economic profitability of CBE Woldia district, followed by other variables as indicated above in table 19.

And also the table 4.10 also showed that TD, CD, PA, TM and OL have a positive significant influence for EP. For variable of TD the value of t is 2.659 ($p=0.009$, $p<0.05$), CD the value t is 3.053 ($p=0.003$, $p<0.05$, PA the value of t is 3.476 ($p=001$, $p<0.05$), TM the value of t is 2.281 ($p=0.024$, $p<0.05$), and OL the value of t is 4.305 ($p=0.000$, $p<0.05$),

Therefore to know the effect and relationship of independent variables on the dependent variable (Economic profitability of CBE, Woldia district), the established model for the study regression function was in the form of

$EP=\beta+\beta 1TD+\beta 2CD+\beta 3PA+\beta 4TM+\beta 5OL+\mu$

$\beta 0=.827$ which is constant

$EP= .827+.161TD+.169CD +.212PA+.120TM+.188OL+0.05$

Where ß, constant and ß1, ß2, ß3, and ß4, are the regression co-efficient

EP: Economic Profitability, TD: Training and Development, CD: Career Development, PA: Performance Appraisal, TM: Talent Management, MD: Management Development, OL Organizational Learning and e: error term

4.10. Hypotheses Testing

H1: Training and development has a significant and positive effect on Economic profitability in CBE Woldia district selected branches

H2: Career development has a significant effect on Economic profitability in CBE Woldia district selected branches

H4: Talent Management has a significant effect on Economic profitability in CBE Woldia district selected branches

H3: Performance appraisal has a significant and positive effect on Economic profitability in CBE Woldia district selected branches

H5: Organizational Learning has a significant effect on Economic profitability in CBE Woldia district selected branches

Variables	**Hypothesis**	**Significance**	**Remarks**
TND	Training and development has a significant and positive effect on Economic profitability in CBE Woldia district selected branches	0.009<0.05	Accepted
CD	Career development has a significant effect on Economic profitability in CBE Woldia district selected branches	0.003<0.05	Accepted
PA	Performance appraisal has a significant and positive effect on Economic profitability in CBE Woldia district selected branches	0.001<0.05	Accepted
TM	Talent Management has a significant effect on Economic profitability in CBE Woldia district selected branches	0.024<0.05	Accepted
OL	Organizational Learning has a significant effect on Economic profitability in CBE Woldia district selected branches	0.000>0.001	Accepted

Source: (SPSS Output Own Survey Result, 2024)

4.11. Discussion

The lack of empirical researches or studies have specifically dealt with examining how HRD practices effect on economic profitability practically, in CBE Woldia district level. This study tries to address this gap. The aim of this study is to investigate the influence of HRD practices i.e. (talent development, training and development, organizational development and career development and performance management) on economic profitability in the context CBE Woldia district branches. The results show that all the HRD practices are significant predictors of economic profitability. The results confirmed that all the five hypothesized relationships between HRD practices (training and development, performance management, talent development, organizational development and career development) and economic profitability are significant and thus all the hypotheses are supported.

The first hypothesis is about relation between training and development practices and economic profitability. Here the regression analysis shows that training and development has a positive and significant relation with economic profitability. And also it has B=.161 and significant at 0.009 level which is less than 0.05. Therefore, Hypothesis 1 of this study was supported which is in line with the suggestions of Asfaw et al. (2015).

The second hypothesis is about career development and its significant effect on organizational economic profitability in CBE Woldia district. Therefore, the regression analysis result shows career development has B value of 0.169 with significance level of 0.003<0.05 value on organization performance. Therefore hypothesis 2 is supported which is in line with the opinions of Lyria, Namusonge, and Karanja (2017).

The third hypothesis is about Performance appraisal system has a positive effect on economic profitability. The regression analysis of performance appraisal system has the coefficient value of B= 212 and (p=0.001, p<0.05) showing there is a significant effect on organization performance that affecting positively. Therefore hypothesis 3 is also supported.

The fourth hypothesis is there is a significant relation between talent management organization economic profitability. The result indicates that talent management has a value of B=.120 (p=.024, p<0.05). Hence it has both significance and positive relation on organisation economic profitability which supports opinions of Bayyurt and Rizvi (2015). Therefore hypothesis 4 is supported which supports the opinion of Al-aldaeja (2016).

The last hypothesis is that here is a significant effect of organizational learning and economic profitability. It has the value of B=.188, (p=0.000, p<0.001) shows the there is a significant effect. Therefore hypothesis 5 is supported which is in line with the opinions of Lyria, Namusonge, and Karanja (2017).

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSSION AND RECOMMENDATION

5.0.Introduction

This chapter presents summary of findings, conclusions and recommendations of the study based on the study objectives. The chapter also highlights suggested areas for further research. The study sought to establish the effect of human resource development practice on organization economic profitability in CBE Woldia district selected branches.

5.1.Summary of Finding

The main objective of this study was to examine the relationship between human resource development practice and economic profitability in CBE Woldia district. To carry out this study descriptive, correlation and regression analysis were employed. To conduct this study the following specific objectives were developed.

1. To determine whether training and development has a significance and positive effect on economic profitability.
2. To assess the relationship of career development and economic profitability.
3. To identify the effect of performance appraisal branch economic profitability.
4. To know the significance relationship of talent management on branch economic profitability.
5. To identify the effect of organization development on economic profitability.

To answer the above objectives the study was conducted in 6 CBE Woldia district branches which were selected by using convenient sampling technique. From the sample frame branches 169 clerical employees were selected by using simple random sampling technique. The instrument that used for data collection is Questionnaire. Thus, a total of 169 questionnaires have been distributed to the selected respondents. From the distributed questionnaires 164 were filled and returned while 5 unreturned.

After the investigation, this study came up with the following major findings:

- In this study the response rate is 97% with 164 questioners distributed to the sample respondent returned back while 5 or 3% unreturned.

- The descriptive statistics show organizational learning has the highest mean score with a value of (4.0061), followed by Career development (3.9329), and then by Talent management (3.8864), training and development (3.7508), and Performance appraisal by which found to have the lowest mean score compared to the other identified predictors with a value of (3.6057) with all the variables are having a high mean degree based on 5 pointsLikert scale.
- Based on the Pearson correlation coefficient there is correlation between training and development and organizational economic profitability (r= 0.424,); a significant correlation between career development and economic profitability (r=0.473) and also a significant correlation between performance appraisal and economic profitability (r=0.528), there exists a significant and positive correlation between talent management and economic profitability (r=0.498), also results of the correlation shows the existence of significant correlation between organization learning and organization economic profitability (r=0.552).
- Relationship between dependent and independent variables is linear by since it is the data are piloted against a theoretical normal distribution in such a way that points formed an approximate straight line.
- The study revealed that there is no interdependence of errors /there is no relationship between the independent variables and the residual variable/there is no auto-correlation between variable as Durbin Watson result is 1.501 and between 1.5 -2.5.
- The result obtained from the Shapiro Wilk test indicates that the entire variable had a p-value 0.129 greater than 0.05, meaning the variables involved in the study follow a normal distribution.
- Concerning with the issue of multi-collinearity problem by looking at the VIF value is < 10, hence there is no problem of multi- co linearity or Tolerance is > 10% there is no problem with the data
- In this case outlier, if there are no circles or any other asterisks on either end of the box, this is an indication that no outlier is presented.
- As obtained from the regression output based on the scatter plot, it appears that the spots are diffused and do not form a clear specific pattern, so it can be conclude that the regression model does not occur hetroscedasticity problem.

- The regression analysis showed that all independent variables (TD, CD, PA,TM and OL) have a significant effect on the dependent variable (economic profitability)
- Model summary of regression analysis has presented R-Square to evaluate model fit called the coefficient of multiple determinations, is the percent of the variance in the dependent variable explained uniquely or jointly by the independent variables is 51.2%.
- ANOVA results shows that the regression model has a margin of error of p = 0.000. This indicates that the model is significant since its p value is less that significance test of 0.05. An F statistic of 33.140 indicated that the combined model was significant. This is because ANOVA determines the significance level in general.
- Since all the variables are are significant the entire null hypothesis is accepted.

5.2.Conclusions

- The study concludes that implementation of good HRD practice enhances economic profitability of CBE. The study also concludes that training and development enhances economic profitability of CBE positively and significantly. Respondents also indicated that effective organizational career development has also a significant effect on economic profitability.
- The study concludes that performance appraisal also has positive and significant effect on organization economic profitability.
- The study also concluded that organizational learning is also a tools for CBE"s economic profitability by having significant effect and positive relation.
- And also the study concludes that talent management has a positive significant effect on economic profitability since it allows the talented staff to grow their capabilities in their current roles and even advance to future management roles.
- From the correlation matrix, the high value of correlation between OL and PA clarifies that CBE is required to give main focus on OL for getting fabulous organizational economic profitability followed by PA and next other variables.
- The finding showed that the employees in CBE have had good awareness about HRD concepts and practices since they have good understanding of the components of HRD.
- Accordingly, they were familiar with training and development, career development, organizational development and performance appraisal which are HRD functions and they were able to relate them with economic profitability.

- However, few employees still did not understand these HRD concepts.
- CBE have training and development programs; however, they were ineffective in assessing training needs, setting performance objective, in searching aids for internal and external training and development, planning training strategies and preparing training schedules and modules as well as assessing training and development efforts. Especially, post training evaluation was not well conducted to get feedback for their improvement. The bureaus have career development in principle, in order to create motivated workforce, to enhance the capacity of both present and future knowledge and skills, to increase the ability and productivity of employees, increase optimum man task relationship, to prepare employees to take higher assignments and to upgrade skills and prevent obsolescence. However, in practice explicit tasks were not done in relation to the issues described to promote HRD and to attain development goals.
- The findings of the study proved that the sector bureaus have long-term efforts to improve an organizational development. However, they are lagging behind in solving problems like communication, openness, fairness in treating employees, compensation and job security and problem solving culture.
- With regard to performance appraisal, attempts have been made to assess the performance and behaviour of the employees.
- However, the working environment was not conducive as the findings revealed. The reasons for this were lack of incentives and training, lack of human capacity to set targets, lack of objective performance criteria and lack of commitment.
- Moreover, some employees were not happy about the results of their performance. Performance appraisal gives equal room for open dialogue but, transparency and continuous follow up was so weak and there is loose attachment between performance and reward due to lack of participation, inconsistent implementation and lack of resources.
- As the findings indicated that the sector bureaus were good in doing job and organizational analysis. This was through the determination of skill, knowledge and the job requires and identifying job-related knowledge and skills that are needed to support the organizations' short-range and long-range goals. However, personal analysis was not conducted effectively as a crucial HRD need analysis approach.

- To the end, as the findings revealed that designing comprehensive strategies, aligning HR with strategic priorities, lack of sufficient budget, lack of technology, accepting modern technological changes, limited emphasis to personal and professional development, promoting positive work environment, lack of positive workforce attitude, inadequate training, attracting and retaining qualified personnel and lack of good merit system were key challenges that hindered the practice of HRD in study areas.

5.3.Recommendations

Based on this study's findings, discussion, and conclusion the following suggestive recommendations have been forwarded:

- Besides, appropriate training and development program for all clerical employees should be organized to continuously improve the skills of employees.
- Moreover, a training and development program should be implemented effectively to enhance the capabilities of employees of CBE. Investing in the improvement of the knowledge and skills of employees would be motivated through increasing their satisfaction level and develop more productive and effective employees by reviewing the training needs periodically.
- The management having seen human resource exercise as a vital aspect in organization, should be encouraged to finance it, seeing that the company is one that makes use of highly trained personnel, lack of funds as a problem should not be allowed to hinder effective implementations development.
- Educational qualifications, more especially of technical qualifications should be a pre-requisite for recruitment, dilution, placement, promotion appraisal and lay off of workers. This means that the company under study should adjust their work/responsibility by engaging more qualified staff so as to help utilize other resources well for their effective productivity.
- CBE ought to inculcate the habit of attending seminars, and conference. These are avenues where new skills are developed and discovered. It not only helps to train and develop the worker but also offers powerful labour force that help to the organizational growth in sales and profitability.

- Human resources training and development should be adopted in our business concern in a big way because these employees even when they are the right people at the job need to be updated and modifies considering our dynamic environment.
- Beyond meeting CBE's need, the HRD should also focus on individuals and satisfying their needs for career development. At the first place, HRD is not all about providing training rather than it should aimed at matching the organizational need for HR with the individual needs for career development. Secondly, HRD must necessarily focus on individuals since all the strength of teams and the bureaus must first embed into individual employee. For this purpose also career development strategies should be implemented effectively in order to advance employee's future career opportunities and achieved the desired organization performance. .
- Furthermore, performance appraisal should be guided by the performance management policy. Employee's performance should be assessed based on quantifiable standards and feedback be given to employees on their performance. The appraisal system should be explicitly described the strength and weaknesses of the performer and indicate the area to be improved. Organizations that have a written and operational appraisal system can indicate the gap. Based on the appraisal result, those who perform poorly should be given training for improvements.
- Talent management is critical in enhancing the requirement of future managerial roles; hence the organization should implement this practice to improve their future career. Since it has a significant impact on organizational economic profitability, CBE needs to implement effectively. Employees should be given equal access for talent management.
- Moreover, CBE should give a due attention for organizational learning. This is because now a day, we are living in a continuously changing and dynamic environment that directly or indirectly affects us. So CBE has to work hard to react with these changes. Because organizational learning helps to develop updated knowledge and adopt new technologies.

- CBE needs also work hard on implementing economic profitability enablers by increasing revenues and minimizing costs. It should be done on collecting commissions, service charges and mobilizing resources of loanable funds for both local and foreign currencies.

5.4. Future Direction of the Study

The study sample is mainly focused on under Woldia district selected branches employees of Commercial bank of Ethiopia. So, future researchers can take sample of national and outlying or regional branch employees and managers. Furthermore, the study is basically intended to describe the effects of some HRD practices such as training and development, career development and performance appraisal, talent management and organization learning with economic development. Potential researchers can study by considering further HRD practices. Others researchers can study on public sectors and private companies whether or not HRD practices have an effect on organizational economic profitability.

Future researchers should also consider other variables in which the present researcher does not include. Since this study explored the effect of human resource development practice on economic profitability in CBE Woldia district, the study recommends that similar studies should be done in other private Banks of other Ethiopia for comparison purposes and to allow for generalization of findings on the effect of HRD on economic profitability among Banks in Ethiopia.

5.5.Managerial Implication of the Study

This particular study's findings and conclusion has their implication for various parties involved in the banking industry and any other form of the economic system. The specific implication of the study for policymakers and stakeholders, government, human resource professionals, and employees is forwarded as follows;

5.5.1. For policy Makers

The study findings and conclusions have specific implications for policy makers and stakeholders in the Ethiopian banking sector. Therefore, policy makers need to come up with and initiate the formulation of policy guidelines that will lead to achievement of branches economic profitability.

5.5.2. For human resource managers and professionals

Based on the study's implications, human resource managers and professionals in the banking sector are suggested to take part in the implementation and adoption of the latest and most dynamic factors that increase branches economic profitability.

5.5.3. Employees

Employees need to consider themselves assets of an organization, and they need to actively participate in any decision that affects their interests and the organization. It is recommended that employees need to identify the enablers that facilitate the organizational economic profitability.

5.6.Limitation of the Study

The study came across a number of limitations. Regardless of such limitations, the researcher will work hard to minimize these challenges and to realize the objective of the study. In the case of data scarcity, the researcher will search articles, discussion papers and reports from different areas to ease the limits of secondary sources.

In the case of unwillingness of the respondents, the researcher will try to align the objectives of the study with the importance of human resource development on organizational performance. For those who may not have time to give responses, the researcher will plane to meet them in their convenient true time in the working hours.

Despite the significant contributions of this study, but it has some limitations that need to be addressed. First, this study focuses on the Iraqi public universities context, which may be different from others. Second, this study adopts a cross-sectional research method for data collection, which does not allow the researcher to examine the causality of the relationships between HRD and organizational effectiveness in greater depth.

Finally, this study is limited because it focuses on four HRD practices as the major predictors of organizational economic profitability; other HRD practices may be significantly explain profitability.

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Appendix A

WOLDIA UNIVERSITY

FACULTY OF BUSINESS AND ECONOMICS

DEPARTMENT OF MARKETING MANAGEMENT

MASTERS PROGRAM

Questionnaire for Employees of CBE under Woldia District

This questionnaire has designed to request information for purely academic purposes. This is to enable the researcher **Ato Habtamu Melaku Mammed** final year student of Woldia University in college of business and economics to complete his thesis on the topic; **The Effect of Human Resource Development Practice on Economic profitability in Woldia District selected branches** in achievement of Master of Marketing Management. I would like to thank you in advance for your cooperation and for scarifying your valuable time.

N.B:

1. You don t need to write your name.
2. The student researcher has scheduled to get the filled questionnaire back within **2**days.
3. All information given would be treated with utmost confidentiality.
4. CBE stands for Commercial Bank of Ethiopia.
5. HRD stands for Human Resource Development.

Direction; indicate your response by putting a tick [□] mark **in one of the boxes against each statement.**

BASIC DEMOGRAPHIC DATA (PLEASE PUT [] IN SIDE THE BOX)

1. Age

20 -30 ☐ 31 -40 ☐

41- 50 ☐ 51- 60 ☐

2. Sex

Male ☐ Female ☐

3. Educational background of the respondent;

Diploma ☐ First Degree ☐

Masters Degree ☐ PhD ☐

Other, please specify --

4. Respondent's salary per month;

Up to 7,000 birr ☐ 7,001birr-12,000 birr ☐

12,001 birr 22,830 birr ☐ **A**bove 22,831 birr ☐

5. Marital status

Married ☐ Single ☐

Widowed ☐ Divorced ☐

- Current position in CBE

BM ☐ MBO ☐ CSM Service ☐ MBB ☐

MBC ☐ CSM Sales ☐ BBO Back ☐ BBO Front ☐

CSO ☐ SBBO ☐ SBOO ☐ CRM ☐

7. How long have you been working with CBE?

1 -5 years ☐ 6 -10 years ☐ 11 -15 years ☐

16 - 20 years ☐ 21 - 25 years ☐ above 26 years ☐

PART 2 Questions related to HRD Practices

Listed below are statements about the practices of Human Resource Development of CBE. Please indicate your level of agreement with the statements so that your answers to these questions will enable the researcher to assess what you think about the practices of human resource development in your organization.

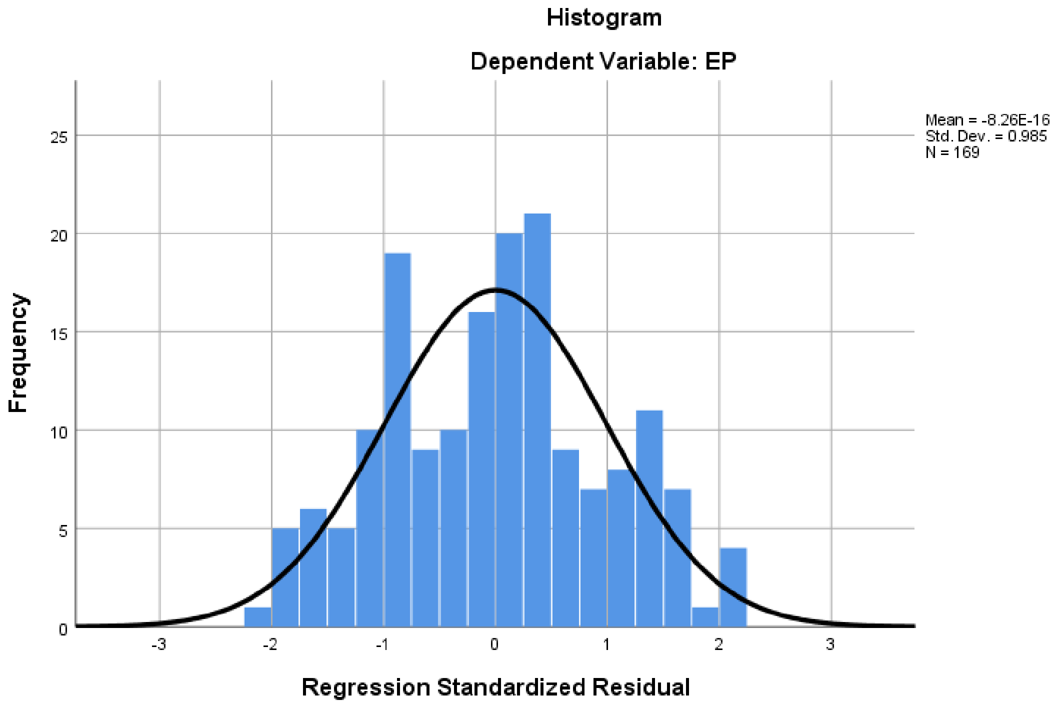
No	**HRD Practices**	Response				
	Training and development	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	HR training and development practice at CBE is effective					
2	CBE"s success in economic profitability depends on effective Training and development					
3	Economic profitability can be enhanced through proper implementation of training and development					
4	Employees are motivated with the overall training and development program of CBE.					
5	Training and development opportunities influence employees' knowledge about economic profitability					
6	CBE analyzes employee Training and development need periodically					
7	Training and development enables me to perform my work with greater accuracy and confidence					
8	CBE provides adequate training and development in order to increase economic profitability					
	Career Development					
9	CBE provides training to help develop my career					

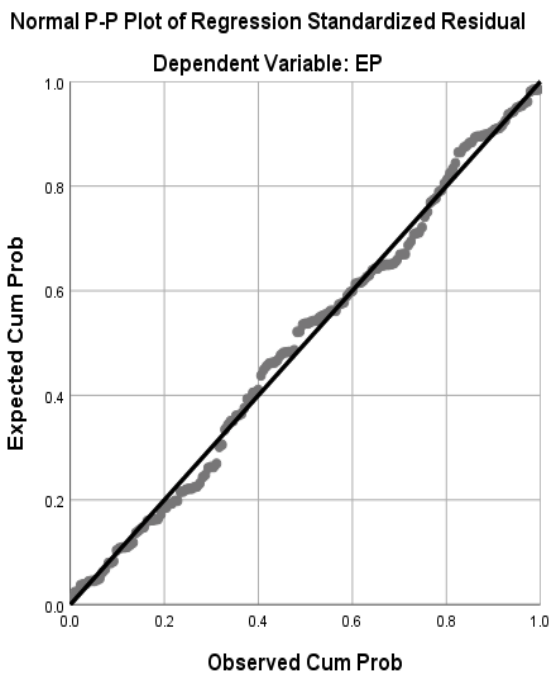
10	Career development of the organization aims at improving organization's economic profitability					
11	Effective career development in CBE leads to economic profitability					
12	I am pleased with the career advancement opportunities available to me					
13	Methods used in the HR career development practice at CBE aimed at achieving the desired goals					
14	CBE has a career development opportunity for me in growth of new position					
	Performance Appraisal					
15	performance appraisal system in CBE fair					
16	Performance appraisal of the organization aims at improving employee's performance					
17	CBE provides a written and operational performance appraisal system					
18	Performance appraisal helps to identify the strength and weakness of employees					
19	When the performance evaluation report shows that the employee performs poorly, an employee is given the required training					
20	Performance appraisal system contribute a lot for my growth					
	Talent Development					
21	CBE provides opportunities to better my future career					
22	CBE encourages employees to use their skill and knowledge					
23	Talent development increases the availability of experienced and capable employees who are prepared to assume					

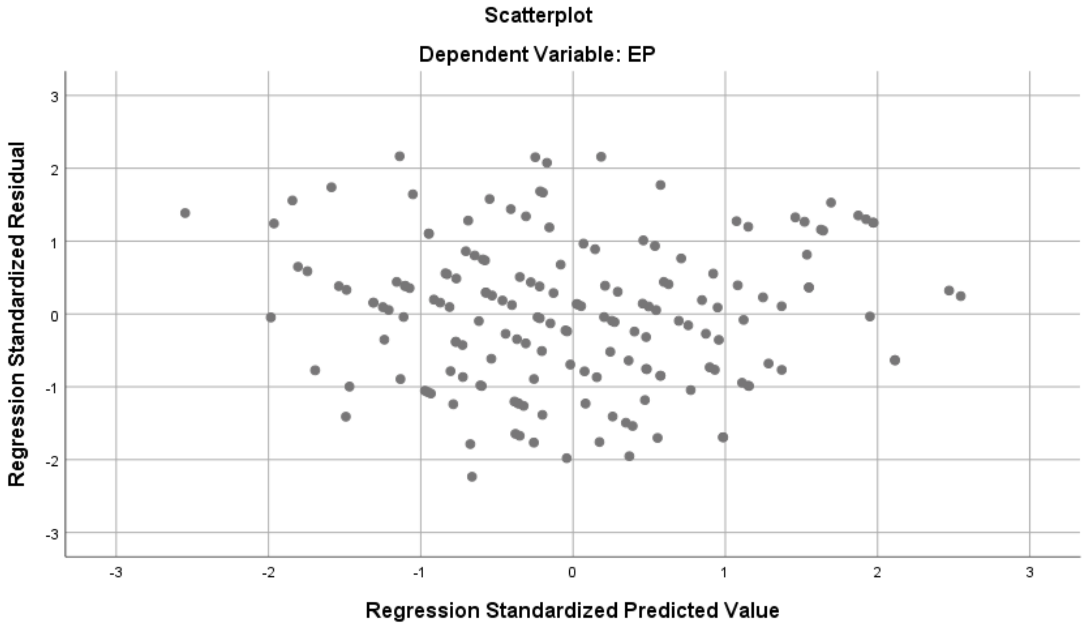
	new roles					
24	Employees have equal access to job-related further education opportunities					
25	Effective talent development improves CBE’S economic profitability					
26	Employees are motivated with the talent development program of CBE					
27	CBE conducts job rotation and empowerment					
28	CBE allows employees to generate and use new ideas					
	Organizational Learning					
29	Organization learning in CBE helps to adopt new structures					
30	CBE adopts organizational learning for implementation of new strategies used for increasing economic profitability					
31	Organizational learning helps CBE increase its profitability					
32	Organizational learning helps CBE to adopt new technology					
33	Organizational learning used to develop new knowledge and insights					
	Profitability Variables					
	Revenue generation	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
34	Good HRD practice in CBE increases its profitability					
35	CBE is collecting charges properly					
36	CBE is aggressively working on collecting commissions					

37	CBE is working hard on resource mobilization					
38	CBE collecting various income from Loans and advances					
	Cost Optimization					
39	Implementation of effective HRD practices improves its cost optimization					
40	CBE is striving on minimizing Operational expenses					
41	CBE is providing non-interest bearing products for customers					

Appendix B


Histogram
Dependent Variable: EP
Mean = -8.26E-16
Std. Dev. = 0.985
N = 169
Frequency
25
20
15
10
5
0
-3
-2
-1
0
1
2
3
Regression Standardized Residual


Normal P-P Plot of Regression Standardized Residual
Dependent Variable: EP
Expected Cum Prob
1.0
0.8
0.6
0.4
0.2
0.0
0.0
0.2
0.4
0.6
0.8
1.0
Observed Cum Prob


Scatterplot
Dependent Variable: EP
Regression Standardized Residual
Regression Standardized Predicted Value
3
2
1
0
-1
-2
-3
-3
-2
-1
0
1
2
3